



METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 DECEMBER 2019

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	31 December 2019 RM	31 December 2018 RM	31 December 2019 RM	31 December 2018 RM
Continuing operations				
Revenue	4,727,571	6,792,277	11,313,805	11,007,606
Cost of sales	(3,001,046)	(4,621,087)	(8,079,350)	(6,683,405)
Gross profit	1,726,526	2,171,190	3,234,455	4,324,201
Other income	(32,493)	227,120	1,685,927	241,275
Administration expenses	(519,846)	(483,486)	(1,489,852)	(1,063,418)
Other operating expenses	(2,759,109)	(3,582,515)	(5,113,061)	(6,651,276)
Loss from operations	(1,584,923)	(1,667,691)	(1,682,531)	(3,149,219)
Finance costs	(151,601)	(127,272)	(281,429)	(260,123)
Loss before taxation	(1,736,523)	(1,794,962)	(1,963,958)	(3,409,342)
Income tax expense	-	-	-	-
Loss for the period from				
- continuing operations	(1,736,523)	(1,794,962)	(1,963,958)	(3,409,342)
- discontinued operations	(20,282)	(24,242)	(41,840)	(46,770)
Loss for the period	(1,756,805)	(1,819,204)	(2,005,798)	(3,456,112)
Loss attributable to:				
Owners of the parent	(1,754,574)	(1,816,537)	(1,975,531)	(3,425,244)
Non controlling interest	(2,231)	(2,667)	(30,267)	(30,868)
	(1,756,805)	(1,819,204)	(2,005,798)	(3,456,112)

The interim consolidated income statements should be read in conjunction with the annual financial statements for the year ended 30 June 2019 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 31 DECEMBER 2019**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year To Date</u>	<u>Preceding Year Corresponding Quarter</u>
	<u>31 December 2019 RM</u>	<u>31 December 2018 RM</u>	<u>31 December 2019 RM</u>	<u>31 December 2018 RM</u>
Net loss from:				
- continuing operations	(1,736,523)	(1,794,962)	(1,963,958)	(3,409,342)
- discontinued operations	(20,282)	(24,242)	(41,840)	(46,770)
Net loss for the period	<u>(1,756,805)</u>	<u>(1,819,204)</u>	<u>(2,005,798)</u>	<u>(3,456,112)</u>
Other comprehensive income / (expense) :				
Foreign currency translation	132,999	16,141	132,999	113,069
Other comprehensive income/(expense) for the period, net of tax	132,999	16,141	132,999	113,069
Total comprehensive income/(expense) for the period, net of tax	<u>(1,623,806)</u>	<u>(1,803,063)</u>	<u>(1,872,799)</u>	<u>(3,343,043)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(105,386)	(1,800,396)	(1,842,532)	(3,312,175)
Non-controlling interests	(2,231)	(2,667)	(30,267)	(30,868)
	<u>(1,623,806)</u>	<u>(1,803,063)</u>	<u>(1,872,799)</u>	<u>(3,343,043)</u>
Basic / diluted earning per share attributable to equity holders of the Company (sen):				
- continuing operations	(0.21)	(0.56)	(0.26)	(1.06)
- discontinued operations	-	(0.01)	(0.01)	(0.01)

There is no dilution effect to the earnings per share in the current period as the exercise price of warrant were higher from the average market price of the ordinary shares during the period.

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 30 June 2019 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
31 DECEMBER 2019**

	As at 31.12.2019 RM	(Audited) As at 30.06.2019 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	9,033,043	10,667,763
Investment properties	463,110	465,925
Available-for-sale financial assets	5,274,229	3,949,322
Other Investment	1,450,350	1,450,350
Deferred tax assets	3,555,609	3,555,609
	<u>19,776,341</u>	<u>20,088,969</u>
CURRENT ASSETS		
Property development cost	18,553,463	16,675,479
Inventories	1,222,800	1,370,733
Trade receivables	9,302,169	12,664,501
Amount owing by contract customers	6,053,593	5,903,427
Other receivables and deposits	5,852,258	4,287,624
Fixed deposits balances	67,792,301	60,192,769
Cash and bank balances	450,657	1,487,703
Asset of disposal company classified as held for sale	2,225,891	2,279,926
	<u>111,453,134</u>	<u>104,862,162</u>
TOTAL ASSETS	<u>131,229,476</u>	<u>124,951,131</u>
EQUITY AND LIABILITIES		
Share capital	133,680,926	128,573,351
Revaluation reserve	5,669,118	5,669,118
Warrant reserve	16,797,466	16,797,466
Shares grant reserve	-	-
Foreign currency translation reserve	(191,115)	(58,116)
Accumulated losses	(57,758,261)	(55,752,462)
Equity attributable to owners of the parent	<u>98,198,134</u>	<u>95,229,358</u>
Non-controlling interests	<u>63,864</u>	<u>66,860</u>
TOTAL EQUITY	<u>98,261,998</u>	<u>95,296,218</u>
CURRENT LIABILITIES		
Trade payables	5,530,481	7,264,844
Other payables	14,769,434	15,054,366
Finance lease liabilities	10,377	17,168
Loans and borrowings	10,619,273	5,180,244
	<u>30,929,565</u>	<u>27,516,622</u>
Liabilities of disposal company classified as held for sale	2,037,912	2,138,291
TOTAL LIABILITIES	<u>32,967,477</u>	<u>29,654,913</u>
TOTAL EQUITY AND LIABILITIES	<u>131,229,476</u>	<u>124,951,131</u>
NET ASSET PER SHARE	0.09	0.08

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 30 June 2019 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 31 DECEMBER 2019**

	<----- Attributable to owners of the parent ----->					<----- Non-distributable reserve ----->			
	Share capital RM	Revaluation reserve RM	Warrant 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 July 2018	89,877,524	17,437,708	-	685,698	(145,554)	(36,986,123)	70,869,253	102,815	70,972,068
Effect of adoption of MFRS 9 (Note 15)	-	-	-	-	-	(3,901,248)	(3,901,248)	-	(3,901,248)
Transfer of ESOS reserve upon exercised	685,698	-	-	(685,698)	-	-	-	-	-
Issuance of new share under rights issue	22,010,526	-	19,707,874	-	-	-	41,718,400	-	41,718,400
Issuance of new share for warrants exercise	5,686,951	-	-	-	-	-	5,686,951	-	5,686,951
Capitalisation of warrant reserve upon exercise of warrants	2,910,408	-	(2,910,408)	-	-	-	-	-	-
Issuance new share under ESOS	7,402,244	-	-	-	-	-	7,402,244	-	7,402,244
Total comprehensive income/(expense)	-	-	-	-	-	(14,865,091)	(14,865,091)	(35,955)	(14,901,046)
Foreign currency translation differences	-	-	-	-	87,438	-	87,438	-	87,438
Revaluation deficit on land and building	-	(11,768,590)	-	-	-	-	(11,768,590)	-	(11,768,590)
As at 30 June 2019	128,573,351	5,669,118	16,797,466	-	(58,116)	(55,752,462)	95,229,358	66,860	95,296,218
As at 1 July 2019	128,573,351	5,669,118	16,797,466	-	(58,116)	(55,752,462)	95,229,358	66,860	95,296,218
Total comprehensive income	-	-	-	-	-	(2,005,798)	(2,005,798)	(2,996)	(2,008,795)
Foreign currency translation differences	-	-	-	-	(132,999)	-	(132,999)	-	(132,999)
Issue of private placements	5,107,575	-	-	-	-	-	5,107,575	-	5,107,575
As at 31 December 2019	133,680,926	5,669,118	16,797,466	-	(191,115)	(57,758,260)	98,198,136	63,864	98,261,999

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 30 June 2019 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 31 DECEMBER 2019**

(The figures have not been audited)

	6 Months Ended	(Audited)
	31.12.2019	30.06.2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	(1,963,958)	(14,201,934)
Profit / (Loss) from assets held for sale	(41,840)	(93,542)
Adjustments for:		
Allowance for doubtful debt	-	33,144
Bad debt recovered	(42,753)	(580,629)
Depreciation of investment properties	2,815	5,630
Depreciation of property, plant and equipment	158,062	349,887
Esos issuance cost	-	859,942
(Gain) / Loss on unrealised foreign exchange	7,908	-
(Gain) / Loss on disposal of available-for-sale financial assets	236,215	(72,524)
(Reversal) /Impairment loss on fair value through profit or loss - Quoted s	154,595	3,307,540
Impairment loss on investment property	-	4,038,228
Impairment loss on other receivables and deposit	-	1,725,451
Written off PPE	-	5,953
Finance costs	281,429	507,376
Interest income	(1,488,579)	(677,540)
Operating loss before working capital changes	<u>(2,679,774)</u>	<u>(4,793,018)</u>
Changes in working capital:		
Inventories	147,933	440,506
Trade and other receivables	4,797,697	3,193,265
Trade and other payables	(1,019,295)	(1,967,322)
Net cash used in operations	<u>1,246,562</u>	<u>1,666,449</u>
Tax paid	(16,758)	(39,438)
Tax refund	-	-
Net cash used in operating activities	<u>1,229,804</u>	<u>1,627,011</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,488,579	677,540
Increase in other investment	-	(1,450,350)
Purchase of property, plant and equipment	(378,404)	(1,939,780)
Proceed from disposal of land held for development	-	1,600,000
Proceed from disposal of fair value through profit or loss financial assets	142,359	350,100
Net cash used in investing activities	<u>1,252,534</u>	<u>(762,490)</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**

(The figures have not been audited)

	6 Months Ended 31.12.2019 RM	(Audited) 30.06.2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(281,429)	(507,376)
Issuance of share capital	5,107,575	53,947,653
Net drawdown / (repayment) of bank borrowings	5,586,590	23,348
Repayment of obligation under finance leases and hire purchase	(6,791)	(13,097)
(Placements) / Withdrawal of fixed deposits	(7,599,532)	(48,226)
Net Drawdown/(Repayment) of margin facilities	(808,987)	(881,780)
Net cash generated from financing activities	<u>1,997,427</u>	<u>52,520,522</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	4,479,765	48,638,336
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	132,999	91,352
CASH AND CASH EQUIVALENTS AS AT 1 JULY	1,487,703	516,957
FIXED DEPOSITS	60,192,769	11,717,682
BANK OVERDRAFT	(2,896,715)	(2,180,570)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER/ 30 JUNE	<u>63,396,521</u>	<u>58,783,757</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	450,657	1,487,703
Fixed deposits balances	67,792,301	60,192,769
Bank overdraft	(4,846,438)	(2,896,715)
	<u>63,396,521</u>	<u>58,783,757</u>

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2019 and the accompanying explanatory notes.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 2019 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 2019.

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 31.12.2019 RM	Cumulative Quarter Current Period To Date 31.12.2019 RM
Revenue	-	-
Cost of sale	-	-
Other Income	-	-
Expenses	(20,282)	(41,840)
Interest expenses	-	-
(Loss)/Profit before tax from assets held for sale	<u>(20,282)</u>	<u>(41,840)</u>
Income tax expense	-	-
(Loss)/Profit after tax from assets held for sale	<u>(20,282)</u>	<u>(41,840)</u>

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

	Unaudited As at 31.12.2019 RM	Audited As at 30.06.2019 RM
Property, plant and equipment	784	803
Deferred tax assets	9,396	9,625
Inventories	635,842	651,277
Trade receivables	1,019,729	1,044,484
Other receivables	19,231	19,697
Cash & Bank Balances	540,909	554,040
Assets classified as held for sale	<u>2,225,891</u>	<u>2,279,926</u>

	Unaudited As at 31.12.2019 RM	Audited As at 30.06.2019 RM
Trade payables	247,566	253,576
Other payables	816,567	886,778
Loans and borrowings	973,779	997,937
Liabilities classified as held for sale	<u>2,037,912</u>	<u>2,138,291</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.

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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 and equity securities during the financial quarter and financial period under review, save as disclosed in Note 21.

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 31.12.2019 RM	Cumulative Quarter Current Period To Date 31.12.2019 RM
Segment revenue		
Total revenue	4,727,571	11,313,805
Inter-segment elimination	-	-
Continued operations	<u>4,727,571</u>	<u>11,313,805</u>
Results		
Operating results		
Malaysia	(1,564,640)	(1,640,690)
Overseas	-	-
	<u>(1,564,640)</u>	<u>(1,640,690)</u>
Finance costs	<u>(151,601)</u>	<u>(281,429)</u>
Profit/(loss) before tax		
- Continued operation	(1,716,241)	(1,922,118)
Profit/(loss) before tax		
- Discontinued operation	(20,282)	(41,840)
Profit/(loss) before tax	<u>(1,736,523)</u>	<u>(1,963,958)</u>

By business segments:

	Individual Quarter Current Period Quarter 31.12.2019 RM	Cumulative Quarter Current Period To Date 31.12.2019 RM
Segment revenue		
Engineering	4,727,571	11,313,805
Total revenue	<u>4,727,571</u>	<u>11,313,805</u>
Inter-segment elimination	-	-
Continued operations	4,727,571	11,313,805
Discontinued operation	-	-
External customers	<u>4,727,571</u>	<u>11,313,805</u>

9. Segmental information (continue)

	Individual Quarter Current Period Quarter 31.12.2019 RM	Cumulative Quarter Current Period To Date 31.12.2019 RM
Results		
Operating results		
Engineering	(1,539,311)	(1,576,403)
Investment holding	(25,329)	(64,287)
	<u>(1,564,640)</u>	<u>(1,640,690)</u>
Finance costs	<u>(151,601)</u>	<u>(281,429)</u>
Profit/(Loss) before tax		
- Continued operations	(1,716,241)	(1,922,118)
Profit/(loss) before tax		
- Discontinued operation	(20,282)	(41,840)
Profit/(Loss) before tax	<u>(1,736,523)</u>	<u>(1,963,958)</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 December 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>7,722,530</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>21,160,926</u>

14. Significant related party transactions

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

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

15. Performance review

Continuing operations

Quarter and Period Ended 31 December 2019

The Group recorded revenue of RM4.7 million for the current quarter and RM11.3 million for cumulative period under review respectively.

The Group posted loss before taxation of RM1.7 million for the current quarter and RM 1.9 million for cumulative period respectively mainly attributed by lower revenue as compared to preceding year corresponding quarter.

Below is the summary analysis of the financial results:

RM	Individual Period (2nd quarter)		Changes (Amount%)	Cumulative Period		Changes (Amount/ %)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To Date	Preceding Year Corresponding Period	
	31/12/19	31/12/18		31/12/19	31/12/18	
Revenue	4,727,571	6,792,277	-44%	11,313,805	11,007,606	3%
Operating Profit	(1,584,923)	(1,667,691)	-5%	(1,682,531)	(3,149,219)	-87%
Profit/(Loss) Before Interest & Tax	(1,736,523)	(1,794,962)	-3%	(1,963,958)	(3,409,342)	-74%
Profit/(Loss) Before Tax	(1,736,523)	(1,794,962)	-3%	(1,963,958)	(3,409,342)	-74%
Profit/(Loss) After Tax	(1,756,805)	(1,819,204)	-4%	(2,005,798)	(3,456,112)	-72%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(1,754,574)	(1,816,537)	-4%	(1,975,531)	(3,425,244)	-73%

16. 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 RM1.7million as opposed to a loss before tax of RM0.2 million in the preceding quarter.

The higher loss reported for the current quarter due to reversal for impairment recorded whereby immediate preceding quarter recorded a provision for impairment of RM1.2 million.

The summary analysis is as follows:

RM	Current Quarter 31/12/19	Immediate Preceding Quarter 30/09/19	Changes (Amount %)
Revenue	4,727,571	6,586,233	-28%
Operating Profit	(1,584,923)	(97,607)	>100%
Profit/(Loss) Before Interest & Tax	(1,736,523)	(227,434)	>100%
Profit/(Loss) Before Tax	(1,736,523)	(227,434)	>100%
Profit/(Loss) After Tax	(1,756,805)	(248,992)	>100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the	(1,754,574)	(220,956)	>100%

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17. Current year prospects

The Group is mindful of the challenges ahead for the Engineering Division with the competition and current economic situation. The Group will continue to explore other new opportunities among others, to expand into infrastructure smart system. In addition to that, the Group continue to 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 RM79 million and the Group is presently tendering contracts totalling RM100 million.

18. Profit forecast or profit guarantee

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

19. Taxation

	Individual Current Period Quarter 31.12.2019 RM	Cumulative Current Period To Date 31.12.2019 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>
	<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.

20. Status of Corporate Proposals

a) On 20 March 2019, the Group announced that its subsidiary, Metronic Engineering Sdn Bhd ("MESB") 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.

On 7 August 2019, the Group subsequently announced that its subsidiary, MESB had signed a joint venture agreement with Zhuhai Singyes New Materials Technology Co. Ltd. The main purpose of the joint venture among other to develop smart city solutions in Malaysia.

20. Status of Corporate Proposals (continue)

- 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. Total proceed from the right issue exercise was RM41.7 million.

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 20 February 2020:

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	1,900	20,500	Within 24 months	-		-
2) Existing & Future Engineering Project	18,488	3,435	15,053	Within 36 months	-		-
3) Rights Issue Expenses	830	822	8	Immediate	-		-
	41,718	6,157	35,561		-		-

- c) On 7 June 2019, the Group announced that it offered a total of 98,696,593 shares under Employee Share Option Scheme ("ESOS") at the option price of RM0.0674 to eligible employees of the Company in accordance with the By-Laws of the ESOS. As at 21 June 2019, all the ESOS offered was fully subscribed with the total proceeds of RM6,652,150.
- d) On 14 June 2019, the Group announced that a total of 71,086,890 warrants issued in pursuant to the right issue exercise, had exercised the warrants to ordinary shares. The total proceeds from the exercise was RM 5,686,951. Balance warrants after the above exercise is 410,278,115.
- e) On 8 August 2019, the Group announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be identified later and at an issue price to be determined later. The proposal has been approved by Bursa Securities on 13 August 2019.

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21. 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 summons 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 application for stay of execution. The court on 8 October 2019, granted stay subject to MGB/MISSB deposit RM1,158,750 into solicitors' joined account. The court has fixed the appeal hearing on 12 May 2020.

- b) 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.

Necessary documents had been submitted to court on 10 July 2019, pending for court's execution order for rental payment from tenant.

Note:-

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

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21. Material Litigations (Cont.)

- c) The Group, on 3 June 2019, announced that Mr. Tan Ew Chew (“TEC”) was advisor for Metronic Global Berhad (“MGB” or “the Company”) from 1 January 2013 to 16 May 2017 and Mr. Tan Kian Hong (TKH), son of TEC, was director for the Company from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the property 1 unit office in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Chao Yang District, Beijing, China measuring 700.53 square meter with book value of approximately RM15.7 million owned by Metronic Microsystem (Beijing) Co Ltd, wholly owned subsidiary of the Company, has been found transferred to third party with the name of Shouguang Yaoweiping without consent and/or the Company’s Board.

The Company had on 3 June 2019, lodged a police report on investigation against TEC and TKH on the alleged breach of trust and causing the Company suffering a loss of more than RM15.7 million.

The case is now pending action from relevant authorities.

The Company is presently seeking legal advice for the next course of action.

- d) MGB announced that the Company had on 13.11.2019, received an originating summons (“OS”) filed by the Mohd Johari Bin Abdul Raoff against the Company and its Directors, Employees and Shareholders, seeking declarations that the Company’s shares issued pursuant to Employees Shares Option Scheme (“ESOS”) in June 2019 and Private Placement around 15.10.2019 are null and void.

The Plaintiff had also filed applications to have discovery process (“Discovery Application”) and the apply for injunction (“Injunction Application”).

The OS and the Applications were called before the High Court at on 9.11.2019 and :-

- i. The Plaintiff claims that he obtained the information forming the contents of the OS from his associates, namely Tan Sri Lee Kim Yew and Lagenda Perdana Sdn Bhd;
- ii. It was highlighted by the solicitors of the Defendants to the Court that the Plaintiff was never a shareholder of the Company during the whole period when the ESOS and Private Placement were undertaken;
- iii. The Plaintiff’s solicitors confirmed that the Plaintiff had just became a shareholder of the Company in the end of October 2019, and bought the Company’s share for the purpose of filing this OS.
- iv. The Directors had offered that, the Company’s Annual General Meeting (“AGM”) scheduled to be held on 26.11.2019 shall be convened as per the Notice of AGM, and the AGM (“Notice”) shall be adjourned to a date fixed by the Court after Agenda 1 of the Notice:- “To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon” is tabled. This offer had been recorded by the Court; and
- v. The OS and the Applications are then fixed for case management to be held on 19 November 2019, before the High Court for the Plaintiff to decide whether to withdraw the OS and the Applications.

Based on the case management held on 19 November 2019, there is also another application to intervene into the OS. As a result, the Court has fixed the application for hearing on 3 February 2020.

By way of consent that the AGM of the Company scheduled on 26.11.2019 be convened as scheduled, whereby apart from Agenda No. 1 of the Notice of AGM which shall be tabled, all other agendas are to be adjourned for voting at an adjourned AGM on a date to be fixed by the High Court after the full an final disposal of Enclosure 1.

Further to the hearing on 3 February 2020, the court had directed the defendant to file for strike out application by 21 February 2020. The next hearing is fixed on 1 April 2020.

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21. Material Litigations (Cont.)

- e) The Group, on 6 December 2019, announced that MESB was served with a winding-up petition on 4 December 2019 by Eric Boon Chuan Kit (Petitioner) through his solicitors.

The Petitioner claims that MESB was indebted to the Petitioner for a sum of RM178,000 based on the judgement given by Industrial Court at Kuala Lumpur in Case No. 4/4-544/18 on 29 January 2019 and for a sum of cost amounting to RM5,000 based on the judgement given by High Court at Kuala Lumpur on 1 August 2019.

MESB has paid a total sum of RM111,500 in favour of the Petitioner, being part payment of the judgement cost. Pending payment of the remaining judgement sum and cost of RM71,500, the Petitioner proceeded to file the Petition.

The amount claimed by the Petitioner is relatively immaterial to the value of the assets of MESB and will not in any way jeopardized its business operation.

The Company is seeking legal advice and any material development on the matter will be announced.

- f) MGB announced that the Company had been served with a suit at the Shah Alam High Court Civil by way of counterclaim by

Tan Sri Lee Kim Yew whereby himself claims against the Company and its directors to seek the following reliefs :

- i. A declaration that the affairs of the Company are conducted and the powers of the directors are being exercised in a manner oppressive to Tan Sri Lee.
- ii. A declaration that certain shares allotted and issued on 13 June 2019, 19 June 2019, and 15 October 2019 are void and if so, for the said shares to be cancelled.
- iii. An order for the directors of the Company to pay Tan Sri Lee the sum of RM10,454,716.46.
- iv. Damages to be assessed against the Company and its directors.
- v. Interest, costs and such further reliefs deemed fit.

The Company will be vehemently resisting the said counterclaim. The next hearing has been fixed on 9 March 2020 for the striking out application.

22. Borrowings

The Group's total borrowing as at 31 December 2019 stood at RM10.6 million, representing a gearing ratio of 0.11 to shareholders' equity. The amount was higher than the previous year end date of RM5.2 million.

Breakdown by type of facilities is shown below:

	As at 2nd quarter ended 31 December 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	-	-	-	4,846,438	-	4,846,438
Bankers' acceptances	-	-	-	3,629,536	-	3,629,536
Amount due to director	-	-	-	550,000	-	550,000
Margin Financing	-	-	-	1,593,299	-	1,593,299
Sub-Total	-	-	-	10,619,273	-	10,619,273
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	-	-	10,619,273	-	10,619,273

	As at 30 June 2019 (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	-	-	-	2,896,715	-	2,896,715
Bankers' acceptances	-	-	-	1,217,513	-	1,217,513
Margin Financing	-	-	-	1,066,016	-	1,066,016
Sub-Total	-	-	-	5,180,244	-	5,180,244
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	-	-	5,180,244	-	5,180,244

23. Proposed Dividend

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

24. Earnings per share (EPS)

Basic EPS

	Individual Current Period Quarter 31.12.2019 RM	Cumulative Current Period To 31.12.2019 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	(1,736,523)	(1,963,958)
- Discontinued operations	(20,282)	(41,840)
	<u>(1,756,805)</u>	<u>(2,005,798)</u>
Weighted average number of ordinary shares in issue	826,504,930	754,687,952
Basic earnings per share (sen)		
- Continuing operations	(0.21)	(0.26)
- Discontinued operations	-	(0.01)
	<u>(0.21)</u>	<u>(0.27)</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 issued during the period/cumulative period respectively.

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 and the new issues of shares in pursuant to rights issue, ESOS and warrant exercises.

24. Earnings per share (continue)

<u>Diluted EPS</u>	Individual Current Period Quarter 31.12.2019 RM	Cumulative Current Period To 31.12.2019 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	(1,736,523)	(1,963,958)
- Discontinued operations	<u>(20,282)</u>	<u>(41,840)</u>
	<u>(1,756,805)</u>	<u>(2,005,798)</u>
Weighted average number of ordinary shares in issue	826,504,930	754,687,952
Effect of dilution after conversion of all outstanding Esos and Warrants	410,278,976	410,278,976
Adjusted weighted average number of ordinary shares the purpose of diluted EPS	<u>1,236,783,906</u>	<u>1,164,966,928</u>
Diluted earnings per share (sen)		
- Continuing operations	(0.21)	(0.26)
- Discontinued operations	<u>-</u>	<u>(0.01)</u>
	<u>(0.21)</u>	<u>(0.27)</u>

There is no dilution effect to the earnings per share in the current period as the exercise price of warrant were higher from the average market price of the ordinary shares during the period.

25. Profit/(Loss) for the period

After charging/(crediting):	Individual Current Period Quarter 31.12.2019 RM	Cumulative Current Period To 31.12.2019 RM
Auditors' remuneration	43,330	95,648
Depreciation of investment properties	1,407	2,815
Depreciation of property, plant and equipment	131,178	158,062
Directors' fee	49,500	99,000
(Gain) / Loss on foreign exchange - realised	518	7,908
(Reversal)/ Impairment of available for sale quoted shares	1,049,394	(154,595)
Interest expenses	151,601	281,429
Interest income	974,140	1,488,572
Staff cost	2,260,467	4,509,062

26. Audit Report

The auditors' report on Group's financial statements for the year ended 30 June 2019 was not qualified.

27. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 February 2020.