



**METRONIC GLOBAL BERHAD**

Company No. : 200301029648 (632068-V)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**30 SEPTEMBER 2022**

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

	NOTE	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		RM	RM	RM	RM
Revenue	A8	11,952,940	6,806,897	11,952,940	6,806,897
Cost of sales		(9,148,853)	(4,838,013)	(9,148,853)	(4,838,013)
Gross profit		2,804,087	1,968,884	2,804,087	1,968,884
Other income		727,036	473,300	727,036	473,300
Administration expenses		(3,729,438)	(2,322,150)	(3,729,438)	(2,322,150)
Other operating expenses		(732,594)	(27,960)	(732,594)	(27,960)
Finance costs		(105,809)	(170,013)	(105,809)	(170,013)
Loss before tax for the period		(1,036,718)	(77,939)	(1,036,718)	(77,939)
Income tax expense	B5	-	-	-	-
Loss for the period	B12	(1,036,718)	(77,939)	(1,036,718)	(77,939)
Other comprehensive income / (expense) :					
Foreign currency translation:		15,476	(46)	15,476	(46)
Total comprehensive loss for the period, net of tax		(1,021,242)	(77,985)	(1,021,242)	(77,985)
Loss attributable to:					
Owners of the parent		(867,486)	(75,926)	(867,486)	(75,926)
Non controlling interest		(169,232)	(2,013)	(169,232)	(2,013)
		(1,036,718)	(77,939)	(1,036,718)	(77,939)
Total comprehensive loss attributable to:					
Owners of the parent		(855,105)	(75,972)	(855,105)	(75,972)
Non-controlling interests		(166,137)	(2,013)	(166,137)	(2,013)
		(1,021,242)	(77,985)	(1,021,242)	(77,985)
<u>Loss per share attributable to equity holders of the Company (sen):</u>					
Basic / diluted loss per share (sen)	B11	(0.06)	(0.01)	(0.06)	(0.01)

The condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
30 SEPTEMBER 2022**

		As at 30.09.2022 RM	(Audited) As at 30.06.2022 RM
	<b>NOTE</b>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		9,275,578	9,378,409
Right-of-use assets		256,137	286,634
Investment properties		3,536,542	3,425,468
Intangible assets		22,866,000	23,118,400
Other Investment		3,485,857	4,081,521
		<u>39,420,114</u>	<u>40,290,432</u>
<b>CURRENT ASSETS</b>			
Property development cost		12,669,115	13,769,115
Inventories		887,252	893,250
Current tax assets		263,389	147,356
Trade receivables		14,390,600	11,068,451
Amount due from contract customers		6,392,512	4,758,018
Other receivables and deposits		1,947,669	1,093,157
Fixed deposits		141,702,037	141,476,107
Cash and bank balances		2,337,508	6,638,520
		<u>180,590,082</u>	<u>179,843,974</u>
<b>TOTAL ASSETS</b>		<u><b>220,010,196</b></u>	<u><b>220,134,406</b></u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		263,942,757	191,099,433
Fair value reserve		(248,540)	(248,540)
Revaluation reserve		5,669,118	5,669,118
Warrant reserve		6,011,001	-
Foreign currency translation reserve		239,694	227,313
Accumulated losses		(84,823,041)	(83,955,555)
<b>Equity attributable to owners of the parent</b>		<u>190,790,989</u>	<u>112,791,769</u>
<b>Non-controlling interests</b>		(13,487)	152,650
<b>TOTAL EQUITY</b>		<u><b>190,777,502</b></u>	<u><b>112,944,419</b></u>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease liabilities	B9	<u>213,639</u>	<u>237,301</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		6,926,071	10,867,427
Other payables		9,835,069	86,448,856
Finance lease liabilities	B9	92,747	91,489
Loans and borrowings	B9	12,165,168	9,544,914
		<u>29,019,055</u>	<u>106,952,686</u>
<b>TOTAL LIABILITIES</b>		<u><b>29,232,694</b></u>	<u><b>107,189,987</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>220,010,196</b></u>	<u><b>220,134,406</b></u>
<b>NET ASSET PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		0.12	0.52

The condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

	←----- Attributable to owners of the parent ----->					←----- Non-distributable reserve -----> Distributable			
	Share capital RM	Fair value reserve RM	Revaluation reserve RM	Warrant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
<b>As at 1 July 2021</b>	188,881,025	(248,540)	5,669,118	16,796,442	(614,553)	(93,072,511)	117,410,981	116,454	117,527,435
Acquisition of subsidiary company	-	-	-	-	-	-	-	30	30
Issuance of new shares pursuant to:									
- private placement	2,209,749	-	-	-	-	-	2,209,749	-	2,209,749
- warrant exercised	8,659	-	-	(2,931)	-	-	5,728	-	5,728
Warrant reserve adjustment	-	-	-	(16,793,511)	-	16,793,511	-	-	-
Net loss for the period from:									
- continuing operations	-	-	-	-	-	(7,227,228)	(7,227,228)	(134,732)	(7,361,960)
- discontinued operations	-	-	-	-	-	(449,327)	(449,327)	170,898	(278,429)
Other comprehensive expense:									
- Foreign currency translation differences from:									
- continuing operations	-	-	-	-	5,986	-	5,986	-	5,986
- discontinued operations	-	-	-	-	835,880	-	835,880	-	835,880
Total comprehensive loss for the year	-	-	-	-	841,866	(7,676,555)	(6,834,689)	36,166	(6,798,523)
<b>As at 30 June 2022</b>	191,099,433	(248,540)	5,669,118	-	227,313	(83,955,555)	112,791,769	152,650	112,944,419
Issuance of new shares pursuant to:									
- right issues	71,751,973	-	-	6,221,790	-	-	77,973,763	-	77,973,763
- warrant exercised	1,091,351	-	-	(210,789)	-	-	880,562	-	880,562
Net loss for the period	-	-	-	-	-	(867,486)	(867,486)	(169,232)	(1,036,718)
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	12,381	-	12,381	3,095	15,476
Total comprehensive loss for the year	-	-	-	-	12,381	(867,486)	(855,105)	(166,137)	(1,021,242)
<b>As at 30 September 2022</b>	<b>263,942,757</b>	<b>(248,540)</b>	<b>5,669,118</b>	<b>6,011,001</b>	<b>239,694</b>	<b>(84,823,041)</b>	<b>190,790,989</b>	<b>(13,487)</b>	<b>190,777,502</b>

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

		<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>NOTE</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(1,036,718)	(77,939)
Adjustments for:			
Amortisation of intangible assets		252,400	-
Depreciation of investment properties	B12	-	1,408
Depreciation of property, plant and equipment	B12	109,609	47,138
Depreciation of right-of-use assets	B12	30,497	-
Loss on disposal of other investment	B12	580,890	-
Loss on unrealised foreign exchange		(828)	-
Interest expenses	B12	105,809	170,013
Interest income	B12	(689,435)	(300,015)
Operating loss before working capital changes		<u>(647,776)</u>	<u>(159,395)</u>
Changes in working capital:			
Amount due from contract customers		(1,634,494)	(1,742,814)
Inventories		5,998	(88)
Property development costs		1,100,000	(900,000)
Trade and other payables		(80,555,143)	(2,633,034)
Trade and other receivables		<u>(4,176,661)</u>	<u>(4,553,941)</u>
Net cash used in operations		(85,908,076)	(9,989,272)
Tax (paid) / refunded		(116,033)	251,359
Interest paid		<u>(89,783)</u>	<u>(170,013)</u>
Net cash used in operating activities		<u>(86,113,892)</u>	<u>(9,907,926)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest paid		(12,058)	-
Interest received		689,435	300,015
Purchase of property, plant and equipment		(5,950)	-
Purchase of intangible assets		-	(2,156,208)
Purchase of investment properties		(111,074)	-
Proceeds from disposal of other investment		14,774	-
Net cash generated from / (used in) investing activities		<u>575,127</u>	<u>(1,856,193)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(3,968)	(170,013)
Net proceeds from issuance of share capital pursuant to:			2,209,749
- right issues		77,973,763	-
- warrant exercised		880,562	-
Financing to associate company		-	(100,760)
Repayment of bankers' acceptances		(617,178)	(2,769,970)
Placement of fixed deposits pledged as securities		(225,930)	(864,967)
Repayment of finance leases		(22,404)	(6,125)
Net (repayment) / advances of margin facilities		<u>(207,942)</u>	<u>138,294</u>
Net cash generated from / (used in) financing activities		<u>77,776,903</u>	<u>(1,563,792)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		(7,761,862)	(13,327,911)
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>		15,476	46
<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>		<u>1,051,843</u>	<u>9,305,781</u>
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>		<u>(6,694,543)</u>	<u>(4,022,084)</u>
Cash and cash equivalents at the balance sheet date comprise the following:			
Cash and bank balances		2,337,508	100,118
Fixed deposits balances		141,702,037	69,383,758
Less: Bank overdraft		(9,032,051)	(4,122,202)
Less: Fixed deposit pledged as securities		(7,998,120)	(864,967)
Less: Fixed deposit placed with a cooperative		<u>(133,703,917)</u>	<u>(68,518,791)</u>
		<u>(6,694,543)</u>	<u>(4,022,084)</u>

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and the accompanying explanatory notes.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

**PART A : COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134 : INTERIM FINANCIAL REPORTING**

**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, 2016 in Malaysia, where applicable and the requirements of Chapter 9.22, of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 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 significant accounting policies and methods of computation adopted in the preparation of the Condensed Report are consistent with those adopted in the Group's latest audited annual financial statements for the financial year ended 30 June 2022, except for the adoption of the new MFRSs and amendments/improvements to MFRSs.

**2.1 Adoption of Amendments and Annual Improvements to Standards**

The Group has applied the following new MFRSs, IC Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standard Board ("MASB") which are effective from the beginning of the current financial year:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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**2.2 Standard issued but not yet effective**

The Group has not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

**Effective for financial period beginning on or after 1 January 2023**

MFRS 17	Insurance contracts
Amendments to MFRS 17	Insurance contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 112	Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**Effective for annual periods beginning on or after a date yet to be confirmed**

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or joint Venture
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**2.3 Significant Accounting Estimate and Judgements**

The preparation of Condensed Report 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 Condensed Report, 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 2022 except for the measurement of expected credit loss under MFRS 9 which involves increased complexity and judgements.

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022****PART A : COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134 : INTERIM FINANCIAL REPORTING****3. Seasonality or cyclicity of interim operations**

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

**4. 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 B6 and B8.

**5. 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.

**6. Debt and equity securities**

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the financial period under review.

(i) On 13 July 2022, the Group announced the completion of its rights issue exercise followed by listing and quotation for 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities; and

(ii) On 4 August, 8 August, 10 August, 15 August, 19 August 2022, a total number of 14,676,033 new ordinary shares of RM0.06 each have been issued pursuant to the subscription of shares by Warrant B holders.

**7. Dividends**

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

**8. Segmental information**

Analysis by segments is as follow:

**By geographical segments:**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes	Current Year to Date	Preceding Year to Date	Changes
	30.09.2022	30.09.2021	%	30.09.2022	30.09.2021	%
	RM	RM		RM	RM	
<b>Segment revenue</b>						
Total revenue	11,952,940	6,806,897	76	11,952,940	6,806,897	76
Inter-segment elimination	-	-	-	-	-	-
External customers	<u>11,952,940</u>	<u>6,806,897</u>	76	<u>11,952,940</u>	<u>6,806,897</u>	76
<b>Results</b>						
<b>Operating results</b>						
Malaysia	(942,794)	92,074	<100	(942,794)	92,074	<100
Overseas	<u>11,885</u>	-	100	<u>11,885</u>	-	100
	(930,909)	92,074	<100	(930,909)	92,074	<100
Finance costs	<u>(105,809)</u>	<u>(170,013)</u>	(38)	<u>(105,809)</u>	<u>(170,013)</u>	(38)
Loss before tax	<u>(1,036,718)</u>	<u>(77,939)</u>	>100	<u>(1,036,718)</u>	<u>(77,939)</u>	>100

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022**

**PART A : COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134 : INTERIM FINANCIAL REPORTING**

**8. Segmental information (cont'd)**

Segment revenue	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes	Current Year to Date	Preceding Year to Date	Changes
	30.09.2022	30.09.2021	%	30.09.2022	30.09.2021	%
	RM	RM		RM	RM	
Engineering	11,952,940	6,806,897	76	11,952,940	6,806,897	76
Solar Energy	-	-	-	-	-	-
Total revenue	<u>11,952,940</u>	<u>6,806,897</u>	76	<u>11,952,940</u>	<u>6,806,897</u>	76
Inter-segment elimination	-	-		-	-	
External customers	<u>11,952,940</u>	<u>6,806,897</u>	76	<u>11,952,940</u>	<u>6,806,897</u>	76

Results	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes	Current Year to Date	Preceding Year to Date	Changes
	30.09.2022	30.09.2021	%	30.09.2022	30.09.2021	%
	RM	RM		RM	RM	
Operating results						
Engineering	(526,911)	178,028	<100	(526,911)	178,028	<100
Solar Energy	(572,029)	-	(100)	(572,029)	-	(100)
Investment holding	<u>168,031</u>	<u>(85,954)</u>	>100	<u>168,031</u>	<u>(85,954)</u>	>100
	(930,909)	92,074	<100	(930,909)	92,074	<100
Finance costs	<u>(105,809)</u>	<u>(170,013)</u>	(38)	<u>(105,809)</u>	<u>(170,013)</u>	(38)
Loss before tax	<u>(1,036,718)</u>	<u>(77,939)</u>	>100	<u>(1,036,718)</u>	<u>(77,939)</u>	>100

**9. Material subsequent events**

Other than those disclosed in Note B6 and B8, there were no other material subsequent events after the period ended 30 September 2022.

**10. Changes in the composition of the Group**

There were no other changes in the composition of the Group in the current period under review.

**11. Contingent liabilities**

Contingent liabilities of the Group are as follows:

	Group	
	As at 30.09.2022	As at 30.09.2021
	RM	RM
Secured		
Performance and financial guarantees issued by the banks to third parties	<u>6,663,920</u>	<u>8,890,014</u>

**12. Capital commitments**

	Group	
	As at 30.09.2022	As at 30.09.2021
	RM	RM
The total approved and committed for establishment of a joint venture company	<u>25,152,000</u>	<u>25,152,000</u>

**13. Significant related party transactions**

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



**METRONIC GLOBAL BERHAD (632068-V)**

(Incorporated in Malaysia)

**PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****1. Performance review****Quarter and Period Ended 30 September 2022**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes %	Current Year to Date	Preceding Year to Date	Changes %
	30.09.2022	30.09.2021		30.09.2022	30.09.2021	
RM	RM		RM	RM		
Revenue	11,952,940	6,806,897	76	11,952,940	6,806,897	76
Operating (Loss)/Profit	(930,909)	92,074	<100	(930,909)	92,074	<100
Loss Before Tax	(1,036,718)	(77,939)	>100	(1,036,718)	(77,939)	>100

The Group recorded a significant increase in revenue of approximately 76% or RM11.95 million in the current quarter ended 30 September 2022 ("Q1FY23") as compared to the revenue of approximately RM6.81 million in the corresponding quarter ended 30 September 2021 ("Q1FY22"). This is mainly attributed from the higher revenue generated from MRT2, KL118 tower and KL118 mall projects following the lifting of movement restrictions and full resumption of business activities.

Despite the higher revenue, the Group incurred a loss before tax of RM1.04 million in Q1FY23 as compared to a loss before tax of RM0.08 million in Q1FY22. The unfavorable performance for Q1FY23 as compared to Q1FY22 mainly due to among others lower gross profit margin resulted from additional costs incurred to catch up and accelerate the projects progress. The Group's Q1FY23 results also impacted by a loss in disposal of other investment of RM0.58 million and amortization of intangible assets amounting to RM0.25 million in the current quarter under review.

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

	Individual Quarter		Changes %
	Current Year Quarter	Immediate Preceding Quarter	
	30.09.2022	30.06.2022	
RM	RM		
Revenue	11,952,940	17,206,217	(31)
Operating (Loss) / Profit	(930,909)	1,670,495	<100
(Loss) / Profit Before Tax	(1,036,718)	1,483,122	<100

The Group recorded a loss before tax of RM1.04 million in Q1FY23 as compared to a profit before tax of RM1.48 million in the preceding quarter ended 30 June 2022 ("Q4FY22") mainly due to higher revenue and gross profit resulted from substantial progress for almost all on-going projects and reversal of impairment on assets amounting to RM2.52 million in Q4FY22.

**3. Current year prospects**

The Group is mindful of the challenges ahead for the engineering segment with the industry intense competition, supply chain disruption, prices increase and the uncertainty in economic and political situation. The Group however remains optimistic of the prospect in the engineering businesses will continue to grow with the expected commencement of high profiled construction projects.

The Group believes the diversification into solar business which has favorable outlook due to the increase in environmental awareness and available incentives. The Group continues to strengthen the team and business strategies in order to build up a strong order book, as well as to further progress in its ventures into solar and E-commerce business. The Group will continue taking various measures to enhance operational efficiency and effective cost management in order to improve the financial performance of the Group.

The Group's balance order book stood at RM49.14 million and the Group is presently pursuing contracts totalling RM195.69 million.

**4. Profit forecast or profit guarantee**

No profit forecast was published by the Group.

**5. Taxation**

There were no tax provision during the current quarter under review.

## **METRONIC GLOBAL BERHAD (632068-V)**

(Incorporated in Malaysia)

### **PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**

#### **6. Status of On-going Corporate Developments**

- a) On 7 August 2019, the Group announced that through its wholly-owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), a wholly-owned subsidiary of the Company, had entered into a joint venture agreement ("JV Agreement") with Zhuhai Singyes New Materials Technology Co. Ltd. ("Singyes") for the development of smart city solutions which will enable commercial building managers, local transportation authorities and local tourism boards to implement smart city solutions such as smart bus stop and waiting area, smart tourism booth as well as smart shelter in Malaysia and abroad.

These smart solutions are equipped with, amongst others, solar power system, mobile phone charging station, 4G / 5G and WiFi connectivity, as well as facial recognition surveillance camera and security alarm system.

The JV Agreement represents part of the Group's initiative to seek out for value accretive investments while leveraging on its existing engineering capabilities. In this regard, the Group has identified smart solutions as a new area that the Company could potentially branch out into.

The growth in adoption of smart solutions moving forward is expected to be driven by increased usage of internet and various initiatives by the government to support the adoption of smart solutions including smart city initiatives. It is also the intention of the Group in the future to extend its smart city solutions to cover other regions worldwide such as Europe, the United States, Middle East and South East Asia. Hence, the JV Agreement is expected to provide an additional source of income and contribute positively to the future earnings of the Company.

MESB and Singyes have been developing the prototype for the smart city model. In view of the global travel restriction imposed by governments worldwide, both parties have agreed to extend the JV Agreement until 31 August 2022 and may be expected to extend the JV Agreement further until the end of 2022. Subject to the loosening of global travel restrictions, both MESB and Singyes expect to complete work on the prototype by end of 2022.

- b) On 1 October 2020, Metronic Smart Tech Sdn Bhd ("MSTSB"), a wholly-owned subsidiary of the Company, had entered into a joint venture agreement with JF Strategic Management Pte Ltd ("JFSM") to undertake the design, research, development and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories within the estate of Jurong Town Corporate. This is in line with the Group's intention to expand its business into the provision of smart solutions services.

On 9 December 2020, a new 80% subsidiary of the Company, Metronic JF System Pte Ltd, had been incorporated in Singapore for the joint venture. This joint venture is expected to provide an additional source of income and contribute positively to the future earnings of the Company.

MSTSB and JFSM have commenced preliminary work on this project since December 2020 and began approaching the potential manufacturing companies operating in Singapore in Mid-2022. However, the projects are not able to be contracted timely due to delay in the construction works by the potential clients pursuant to the direction from the relevant local authority as the results of COVID-19 Outbreak.

- c) On 2 February 2021, Metronic Medicare Sdn Bhd ("MMSB"), a wholly-owned subsidiary of the Company, entered into a joint research and development agreement with Joysbio (Tianjin) Biotechnology Co. Ltd ("Joysbio") to undertake a research program for SARS-CoV-2 Neutralizing Antibody Test Kits ("Test Kits"). The Test Kits are expected to be able to analyse a patient's level of immunity against future COVID-19 infections post-vaccination, and are anticipated to be more efficient than traditional test kits which are currently available in the market.

On 9 February 2021, the Company announced that a periodical test report from Joysbio for the Test Kit showed an accuracy of 100%, pursuant to which, a final test on the Test Kit will be undertaken in a lab in Italy. In view of the global travel restriction imposed by governments worldwide, both parties are in the midst of extending the joint research and development agreement and the final test is expected to be carried out by the first quarter of 2023.

On 23 February 2021, the company announced that MMSB has been awarded Letters of Intent from MTPS Innotech Company Limited ("MTPS") (a company incorporated in Thailand principally involved in trading of medical devices and distribution of medical glove) and Genesprint Limited ("Genesprint") (a company incorporated in Hong Kong principally involved in genetic test analysis and trading of medical products) for the proposed purchase of the test kits valued at USD210 million and USD140 million respectively. The definitive agreements with MTPS and Genesprint have both been executed on 26 February 2021.

The Company has entered into Sale and Purchase Agreement with Genesprint on 18 May 2021 and subsequently with MTPS on 20 May 2021.

MMSB has obtained an Establishment License from Medical Device Authority ("MDA") on 11 August 2022 and is presently in the process of product registration with MDA.

**METRONIC GLOBAL BERHAD (632068-V)**

(Incorporated in Malaysia)

**PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****7. Utilisation of Proceeds**

- a) On 15 October 2019, the Group announced that it offered a total of 156,826,100 new shares under the private placement which represent 10% of the total number of issued shares of the company (excluding treasury shares) at RM0.06 per shares. The private placement has been completed with a total share subscribed of 113,250,000 at the offered price of RM0.0451 per share during the exercise. Following is the status utilisation of the RM5.11 million proceeds received from the private placement:

Utilization of proceeds	Timeframe for utilisation	Proposed utilisation (RM,000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)
Development of smart city solutions in Malaysia	Within 48 months	4,948	3,232	1,716
Expenses in relation to the private placement	Immediate	160	160	-
<b>Total</b>		<b>5,108</b>	<b>3,392</b>	<b>1,716</b>

- b) On 11 May 2021, Bursa Malaysia Securities approved the Group's proposal of a total of 500,428,000 new shares offered under the private placement which representing 30% of the existing total number of issued shares, to independent third-party investor(s). The private placement exercise was fully completed on 13 September 2021 with a total of RM22.71 million received. Following is the status utilisation of the proceeds from the private placement:

Utilization of proceeds	Timeframe for utilisation	Proposed utilisation (RM,000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)
Funding for business acquisition	Within 24 months	21,789	-	21,789
Expenses in relation to the private placement	Immediate	920	855	65
<b>Total</b>		<b>22,709</b>	<b>855</b>	<b>21,854</b>

- c) On 13 July 2022, the Group announced that the Rights Issue of Shares with Warrants proposed on 19 November 2021 has been completed following the listing and quotation for 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities. The Group has received a total of RM77.97 million from the exercise. Following is the breakdown utilisation of the right issue proceeds:

Utilization of proceeds	Timeframe for utilisation	Proposed utilisation (RM,000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)
Funding for solar projects	Within 24 months	56,000	1,840	54,160
Funding for engineering projects	Within 24 months	20,000	3,605	16,395
Working capital	Within 24 months	1,224	668	556
Expenses in relation to right issues exercise	Immediate	750	750	-
<b>Total</b>		<b>77,974</b>	<b>6,863</b>	<b>71,111</b>

**METRONIC GLOBAL BERHAD (632068-V)**

(Incorporated in Malaysia)

**PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****8. Material Litigations**

- a) 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 RM4.77 million<sup>(1)</sup> (“Claim”). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.82 million<sup>(1)</sup>) and late payment charges of RMB1.44 million (approximately RM0.95 million<sup>(1)</sup>).

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 RM2.61 million<sup>(1)</sup>) 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. The progress has been slow due to COVID-19 pandemic in China. Currently MMBCL is in the midst of seeking legal advice for the alternative course of action in recovering the judgement sum.

Note:-

<sup>(1)</sup> Based on BNM’s exchange rate of RMB1:RM0.6581 as at 30 June 2022.

- b) On 3 June 2019, the Company announced that it had initiated investigation on unauthorised transfer of one unit of office property held by its wholly owned subsidiary, MMBCL in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Middle Road, Chao Yang District, Beijing, China measuring 700.53 square metre. The current valuation price of the said property is at RM15.8 million.

In the announcement dated 3 June 2019, the Board informed that Mr. Tan Ew Chew (“TEC”) was advisor for the Company from 1 January 2013 to 16 May 2017 while Mr. Tan Kian Hong (“TKH”), son of TEC, was director of Metronic from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the above office unit in Beijing has been allegedly transferred to a third party without consent and/or Board resolution from the Company. Once the above made aware to the new Board of Directors in 2017, the Board of Directors requested lawyer in China to investigate on the above and found that the said office has been transferred to third party with the name of Shouguang Yaoweiping (“Shouguang”) in China. Subsequently in October 2018, the Court from China via documents issued, confirmed the said transfer of property to Shouguang.

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

The case is currently under police investigation and still in the midst of gathering evidence and obtaining statements from the relevant parties. The management will seek legal advice upon receiving the police report on the findings.

**9. Borrowings**

The Group’s total borrowing as at 30 September 2022 stood at RM12.47 million, representing a gearing ratio of 0.07 to shareholders’ equity. The amount increased 26.31% as compared to the previous financial year of RM9.87 million.

Breakdown by type of facilities is shown below:

	As at 30 September 2022		
	Long Term	Short term	Total borrowings
	RM	RM	RM
<u>Secured borrowings</u>			
Bank overdraft	-	9,032,051	9,032,051
Bankers’ acceptances	-	2,704,844	2,704,844
Hire purchase	213,639	92,747	306,386
Margin Financing	-	428,273	428,273
<b>Total</b>	<b>213,639</b>	<b>12,257,915</b>	<b>12,471,554</b>

	As at 31 June 2022 (audited)		
	Long Term	Short term	Total borrowings
	RM	RM	RM
<u>Secured borrowings</u>			
Bank overdraft	-	5,586,677	5,586,677
Bankers’ acceptances	-	3,322,022	3,322,022
Hire purchase	237,301	91,489	328,790
Margin Financing	-	636,215	636,215
<b>Total</b>	<b>237,301</b>	<b>9,636,403</b>	<b>9,873,704</b>

**10. Proposed Dividend**

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

**11. (Loss) / Profit per share (EPS)**

<b>Basic / Diluted EPS</b>	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year To Date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss per share attributable to equity holders of the Company:	(867,486)	(75,926)	(867,486)	(75,926)
Weighted average number of ordinary shares	1,353,339,627	1,513,997,553	1,353,339,627	1,513,997,553
Basic / Diluted loss per share (sen):	<u>(0.06)</u>	<u>(0.01)</u>	<u>(0.06)</u>	<u>(0.01)</u>

The basic loss per share of the Group is calculated by dividing the Group's loss after tax for the financial period attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period/cumulative period respectively.

The loss for the quarter attributable to ordinary equity holders of the parent is not subjected to any dilutive elements.

**12. Profit / (Loss) for the period**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year To Date</b>
	<b>30.09.2022</b>	<b>30.09.2021</b>	<b>30.09.2022</b>	<b>30.09.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>After charging/(crediting):</b>				
Amortisation of intangible assets	252,400	-	252,400	-
Auditors' remuneration	41,832	45,567	41,832	45,567
Depreciation of investment properties	-	1,408	-	1,408
Depreciation of property, plant and equipment	109,609	47,138	109,609	47,138
Depreciation of right-of-use assets	30,497	-	30,497	-
Directors' fee	94,000	69,000	94,000	69,000
Loss on disposal of other investment	580,890	-	580,890	-
Interest expenses	105,809	170,013	105,809	170,013
Interest income	(689,435)	(300,015)	(689,435)	(300,015)
Staff cost	1,916,122	1,639,864	1,916,122	1,639,864

**13. Audit Report**

The audited financial statements of the Group for the financial year ended 30 June 2022 was not subject to any audit qualification.

**14. 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 November 2022.