



**METRONIC GLOBAL BERHAD**

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

**INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**31 DECEMBER 2022**

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

	NOTE	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Revenue	A8	8,204,741	6,060,878	20,157,681	12,867,775
Cost of sales		(6,753,741)	(4,668,232)	(15,902,593)	(9,506,245)
Gross profit		1,451,000	1,392,646	4,255,088	3,361,530
Other income		786,151	307,510	1,513,187	780,811
Administration expenses		(2,975,064)	(2,245,784)	(6,704,503)	(2,838,434)
Other operating expenses		(215,530)	(173,547)	(948,124)	(1,931,009)
Loss from operations		(953,443)	(719,175)	(1,884,352)	(627,102)
Finance costs		(90,378)	(97,208)	(196,187)	(267,221)
Loss before tax for the period		(1,043,821)	(816,383)	(2,080,539)	(894,323)
Income tax expense	B5	-	-	-	-
Loss for the period	B12	(1,043,821)	(816,383)	(2,080,539)	(894,323)
Other comprehensive income :					
Foreign currency translation:		3,985	-	19,460	-
Total comprehensive loss for the period, net of tax		(1,039,836)	(816,383)	(2,061,079)	(894,323)
Loss attributable to:					
Owners of the parent		(1,011,800)	(814,091)	(1,879,286)	(890,018)
Non controlling interest		(32,021)	(2,292)	(201,253)	(4,305)
		(1,043,821)	(816,383)	(2,080,539)	(894,323)
Total comprehensive loss attributable to:					
Owners of the parent		(1,008,612)	(814,091)	(1,863,718)	(890,018)
Non-controlling interests		(31,224)	(2,292)	(197,361)	(4,305)
		(1,039,836)	(816,383)	(2,061,079)	(894,323)
<u>Loss per share attributable to equity holders of the Company (sen):</u>					
Basic / diluted loss per share (sen)	B11	(0.07)	(0.04)	(0.13)	(0.04)

The condensed Consolidated Statements 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  
31 DECEMBER 2022**

	NOTE	As at 31.12.2022 RM	(Audited) As at 30.06.2022 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		9,170,669	9,378,409
Right-of-use assets		225,642	286,634
Investment properties		3,536,542	3,425,468
Intangible assets		22,613,600	23,118,400
Other Investment		3,485,857	4,081,521
		<b>39,032,310</b>	<b>40,290,432</b>
<b>CURRENT ASSETS</b>			
Property development cost		12,669,115	13,769,115
Inventories		872,223	893,250
Current tax assets		328,807	147,356
Trade receivables		8,344,115	11,068,451
Amount due from contract customers		8,931,210	4,758,018
Other receivables and deposits		8,620,678	1,093,157
Fixed deposits		133,662,230	141,476,107
Cash and bank balances		695,102	6,638,520
		<b>174,123,480</b>	<b>179,843,974</b>
<b>TOTAL ASSETS</b>		<b>213,155,790</b>	<b>220,134,406</b>
<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		242,881	227,313
Accumulated losses		(85,834,841)	(83,955,555)
<b>Equity attributable to owners of the parent</b>		<b>189,782,376</b>	<b>112,791,769</b>
<b>Non-controlling interests</b>		<b>(44,711)</b>	<b>152,650</b>
<b>TOTAL EQUITY</b>		<b>189,737,665</b>	<b>112,944,419</b>
<b>NON-CURRENT LIABILITIES</b>			
Finance lease liabilities	B9	189,655	237,301
<b>CURRENT LIABILITIES</b>			
Trade payables		5,258,439	10,867,427
Other payables		9,945,093	86,448,856
Finance lease liabilities	B9	94,016	91,489
Loans and borrowings	B9	7,930,922	9,544,914
		<b>23,228,470</b>	<b>106,952,686</b>
<b>TOTAL LIABILITIES</b>		<b>23,418,125</b>	<b>107,189,987</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>213,155,790</b>	<b>220,134,406</b>
<b>NET ASSET PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		0.12	0.52

The condensed Consolidated Statements 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 STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

	-----> Attributable to owners of the parent <----->								
	-----> Non-distributable reserve			-----> Distributable					
	Share capital	Fair value reserve	Revaluation reserve	Warrant reserve	Foreign currency translation reserve	Accumulated losses	Total	Non- controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	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	-	-	-	-	-	(1,879,286)	(1,879,286)	(201,253)	(2,080,539)
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	15,568	-	15,568	3,892	19,460
Total comprehensive loss for the year	-	-	-	-	15,568	(1,879,286)	(1,863,718)	(197,361)	(2,061,079)
<b>As at 31 December 2022</b>	263,942,757	(248,540)	5,669,118	6,011,001	242,881	(85,834,841)	189,782,376	(44,711)	189,737,665

The condensed Consolidated Statements 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 STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022**

		31.12.2022	31.12.2021
	NOTE	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(2,080,539)	(894,323)
Adjustments for:			
Amortisation of intangible assets	B12	504,800	-
Depreciation of investment properties	B12	-	2,815
Depreciation of property, plant and equipment	B12	218,818	81,399
Depreciation of right-of-use assets	B12	60,992	-
Loss on disposal of other investment	B12	580,890	-
Loss on unrealised foreign exchange		(1,222)	-
Interest expenses	B12	196,187	267,221
Interest income	B12	<u>(1,434,668)</u>	<u>(607,496)</u>
Operating loss before working capital changes		(1,954,742)	(1,150,384)
Changes in working capital:			
Amount due from contract customers		(4,173,192)	870,175
Inventories		21,027	(50,282)
Property development costs		1,100,000	(900,000)
Trade and other payables		(82,112,751)	(16,113,734)
Trade and other receivables		<u>(4,803,185)</u>	<u>(4,055,884)</u>
Cash used in operations		(91,922,843)	(21,400,109)
Tax (paid) / refunded		(181,451)	521,975
Interest paid		<u>(166,182)</u>	<u>(267,221)</u>
Net cash used in operating activities		<u>(92,270,476)</u>	<u>(21,145,355)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest paid		(22,378)	-
Interest received		1,434,668	607,496
Purchase of property, plant and equipment		(9,856)	(1,660,071)
Drawdown of fixed deposits		5,851,021	-
Purchase of intangible assets		-	(1,502,039)
Purchase of investment properties		(111,074)	-
Proceeds from disposal of other investment		14,774	-
Net cash generated from / (used in) investing activities		<u>7,157,155</u>	<u>(2,554,614)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(7,627)	(170,013)
Net proceeds from issuance of share capital pursuant to:			
- private placement		-	2,209,749
- right issues		77,973,763	-
- warrant exercised		880,562	-
Repayment of bankers' acceptances		(1,717,970)	(2,805,951)
Drawdown of fixed deposits pledged as securities		1,962,856	11,871,878
Repayment of finance leases		(45,118)	(12,251)
Net (repayment) / advances of margin facilities		<u>(197,620)</u>	<u>138,294</u>
Net cash generated from financing activities		<u>78,848,846</u>	<u>11,231,706</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>		(6,264,475)	(12,468,263)
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>		19,460	-
<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>		1,051,843	6,435,098
<b>FIXED DEPOSITS</b>		<u>133,662,230</u>	<u>56,646,913</u>
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>		<u>128,469,058</u>	<u>50,613,748</u>
Cash and cash equivalents at the balance sheet date comprise the following:			
Cash and bank balances		695,102	1,729,545
Fixed deposits balances		133,662,230	56,646,913
Less: Bank overdraft		<u>(5,888,274)</u>	<u>(7,762,710)</u>
		<u>128,469,058</u>	<u>50,613,748</u>

The condensed Consolidated Cash Flow Statements 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 SECOND QUARTER ENDED 31 DECEMBER 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 SECOND QUARTER ENDED 31 DECEMBER 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 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; and

(ii) On 4, 8, 10, 15 and 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	Preceding	Changes	Current Year	Preceding	Changes
	Quarter	Year Quarter		to Date	Year to Date	
	31.12.2022	31.12.2021	%	31.12.2022	31.12.2021	%
	RM	RM		RM	RM	
<b>Segment revenue</b>						
Total revenue	8,204,741	6,060,878	35	20,157,681	12,867,775	57
Inter-segment elimination	-	-	-	-	-	-
External customers	<u>8,204,741</u>	<u>6,060,878</u>	35	<u>20,157,681</u>	<u>12,867,775</u>	57
<b>Results</b>						
<b>Operating results</b>						
Malaysia	(947,807)	(719,175)	32	(1,890,601)	(627,102)	>100
Overseas	<u>(5,636)</u>	-	(100)	<u>6,249</u>	-	100
	(953,443)	(719,175)	33	(1,884,352)	(627,102)	>100
Finance costs	<u>(90,378)</u>	<u>(97,208)</u>	(7)	<u>(196,187)</u>	<u>(267,221)</u>	(27)
Loss before tax	<u>(1,043,821)</u>	<u>(816,383)</u>	28	<u>(2,080,539)</u>	<u>(894,323)</u>	>100

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

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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
	31.12.2022	31.12.2021	%	31.12.2022	31.12.2021	%
	RM	RM		RM	RM	
Engineering	8,204,741	6,060,878	35	20,157,681	12,867,775	57
Others	-	-	-	-	-	-
Total revenue	<u>8,204,741</u>	<u>6,060,878</u>	35	<u>20,157,681</u>	<u>12,867,775</u>	57
Inter-segment elimination	-	-	-	-	-	-
External customers	<u>8,204,741</u>	<u>6,060,878</u>	35	<u>20,157,681</u>	<u>12,867,775</u>	57

Results	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes	Current Year to Date	Preceding Year to Date	Changes
	31.12.2022	31.12.2021	%	31.12.2022	31.12.2021	%
	RM	RM		RM	RM	
Operating results						
Engineering	(883,138)	(403,476)	>100	(1,148,380)	(207,615)	>100
Others	<u>(70,305)</u>	<u>(315,699)</u>	(78)	<u>(735,972)</u>	<u>(419,487)</u>	75
	(953,444)	(719,175)	33	(1,884,352)	(627,102)	>100
Finance costs	<u>(90,378)</u>	<u>(97,208)</u>	(7)	<u>(196,187)</u>	<u>(267,221)</u>	(27)
Loss before tax	<u>(1,043,821)</u>	<u>(816,383)</u>	28	<u>(2,080,539)</u>	<u>(894,323)</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 31 December 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 31.12.2022	As at 31.12.2021
	RM	RM
Secured		
Performance and financial guarantees issued by the banks to third parties	<u>6,666,930</u>	<u>8,897,095</u>

**12. Capital commitments**

	Group	
	As at 31.12.2022	As at 31.12.2021
	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.



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

**1. Performance review**

**Quarter and Period Ended 31 December 2022**

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter	Preceding Year Quarter	Changes %	Current Year to Date	Preceding Year to Date	Changes %
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM	RM		RM	RM	
Revenue	8,204,741	6,060,878	35	20,157,681	12,867,775	57
Operating Loss	(953,443)	(719,175)	33	(1,884,352)	(627,102)	>100
Loss Before Tax	(1,043,821)	(816,383)	28	(2,080,539)	(894,323)	>100

The Group recorded a significant increase in revenue of approximately 35% or RM2.14 million in the current quarter ended 31 December 2022 ("Q2FY23") as compared to the revenue of approximately RM6.06 million in the corresponding quarter ended 31 December 2021 ("Q2FY22"). This is mainly attributed from the higher revenue generated from MRT2 and KL118 contract works 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 Q2FY23 as compared to a loss before tax of RM816 thousand in Q2FY22. The unfavorable performance for Q2FY23 as compared to Q2FY22 mainly due to among others lower gross profit margin resulted from additional costs incurred to catch up and accelerate the projects progress.

For the cumulative quarter ended 31 December 2022, the Group recorded a loss before tax of RM2.08 million, higher than the same period last year of RM894 thousand due to a loss from disposal of other investment of RM580 thousand and amortisation of intangible assets of RM503 thousand incurred during the period.

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

	Individual Quarter		
	Current Year Quarter	Immediate Preceding Quarter	Changes %
	31.12.2022	30.09.2022	
	RM	RM	
Revenue	8,204,741	11,952,940	(31)
Operating Loss	(953,443)	(930,909)	2
Loss Before Tax	(1,043,821)	(1,036,718)	1

The Group recorded lower revenue of RM8.20 million in Q2FY23 compared to RM11.95 million recorded in the preceding quarter due to lower billings for its MRT2 project which is nearly completion.

Despite the decrease in revenue of about RM3.75 million, the Group reported a slight increase in the loss before tax in Q2FY23 due to lower operational expenses recorded. Included in Q1FY23 results was a loss from disposal of other investment of RM580 thousand.

**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 geo political situation. The Group however remains optimistic of the prospect in the engineering businesses that 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 RM40.7 million and the Group is presently pursuing contracts totalling RM172.1 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.

**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 previously agreed to extend the JV Agreement until the end of 2022. MESB on 3 February 2023 has received the prototype SMART booth and presently evaluating the JV arrangement and the next course of action.

- 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.

**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 represented 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 of 113,250,000 were subscribed 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:

Purposes of Utilization	Timeframe for utilisation	Approved 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 to offer a total of 500,428,000 new shares 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:

Purposes of Utilization	Timeframe for utilisation	Approved 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 the completion of its Rights Issue with Warrants exercise proposed on 19 November 2021 following the listing and quotation of 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:

Purposes of Utilization	Timeframe for utilisation	Approved utilisation (RM'000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)	Status Progress
Funding for solar projects	Within 24 months	56,000	8,925	47,075	The proceeds have been utilized for the procurement of materials and equipment for the 2 secured projects in Kedah with the estimated projects cost of RM12 million. In addition to that, the proceeds also have been utilized for professional fees for the feasibility and technical studies for the potential identified projects.  The projects under construction presently at 65% and 2% progress respectively.  The Group is in the midst of negotiation of finalize the terms for the remaining identified projects with estimated cost of RM48 million.
Funding for engineering projects	Within 24 months	20,000	3,605	16,395	Proceeds have been utilized for several projects working capital such as labour costs and purchase of equipment. The contract value of the projects are between RM5 million to RM20 million with the status progress between 30% to 70%.
Working capital	Within 24 months	1,224	767	457	
Expenses in relation to right issues exercise	Immediate	750	750	-	
<b>Total</b>		<b>77,974</b>	<b>14,047</b>	<b>63,927</b>	

The balance of unutilized proceeds are being placed as fixed deposits with Koperasi Maal Nizami Negeri Selangor ("Komani"), a cooperative licensed by Suruhanjaya Koperasi 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 31 December 2022 stood at RM8.2 million, representing a gearing ratio of 0.04 to shareholders' equity. The amount decreased by 16.80% as compared to the previous financial year of RM9.87 million.

Breakdown by type of facilities is shown below:

	As at 31 December 2022		
	Long Term	Short term	Total borrowings
	RM	RM	RM
<b>Secured borrowings</b>			
Bank overdraft	-	5,888,274	5,888,274
Bankers' acceptances	-	1,604,053	1,604,053
Margin Financing	-	438,595	438,595
Sub-Total	-	7,930,922	7,930,921
<b>Un-Secured borrowings</b>			
Finance lease liabilities	189,655	94,016	283,671
<b>Total</b>	<b>189,655</b>	<b>8,024,938</b>	<b>8,214,592</b>

	As at 31 June 2022 (audited)		
	Long Term	Short term	Total borrowings
	RM	RM	RM
<b>Secured borrowings</b>			
Bank overdraft	-	5,586,677	5,586,677
Bankers' acceptances	-	3,322,022	3,322,022
Margin Financing	-	636,215	636,215
Sub-Total	-	9,544,914	9,544,914
<b>Un-Secured borrowings</b>			
Finance lease liabilities	237,301	91,489	328,790
<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>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss per share attributable to equity holders of the Company:	(1,011,800)	(814,091)	(1,879,286)	(890,018)
Weighted average number of ordinary shares	1,531,096,683	2,148,555,471	1,442,703,830	2,102,389,875
Basic / Diluted loss per share (sen):	<u>(0.07)</u>	<u>(0.04)</u>	<u>(0.13)</u>	<u>(0.04)</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.

There is no dilution effect to the loss 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.

**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>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>After charging/(crediting):</b>				
Amortisation of intangible assets	252,400	-	504,800	-
Auditors' remuneration	42,365	32,433	84,197	78,000
Depreciation of investment properties	-	1,408	-	2,815
Depreciation of property, plant and equipment	109,209	34,261	218,818	81,399
Depreciation of right-of-use assets	30,495	-	60,992	-
Directors' fee	87,000	69,000	181,000	138,000
Loss on disposal of other investment	-	-	580,890	-
Interest expenses	90,378	97,208	196,187	267,221
Interest income	(745,233)	(307,510)	(1,434,668)	(607,496)
Staff cost	1,856,080	1,798,378	3,772,202	3,507,242

**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.