ANNUAL REPORT
2018

METRONIC

Metronic Global Berhad

(632068-V)

"Strive for Excellences in Engineering & Technology"

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METRONIC

VISION & MISSION

Our Vision

To be an internationally recognized leading engineering and technology total solution provider.

Our Mission

- To apply our unique management style that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- To continously seek new technologies that meet our clients' requirements.
- To create a workplace that motivates our employees.
- To develop strategic relationships with partners who have skill that enhance and complement our own.
- To continually improve the effectiveness of the quality management system.
- To maximize value of our stakeholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' ZAIDI BIN MAT ISA @ HASHIM
Independent Non-Executive Chairman

DATO' KUA KHAI SHYUAN
Non-Independent Non-Executive Director

HOO WAI KEONG
Executive Director

MUHAMMAD FALIQ BIN MOHD REDZUAN
Independent Non-Executive Director

KHOR BEN JIN
Independent Non-Executive Director

AUDIT COMMITTEE

Khor Ben Jin
Chairman

Dato' Zaidi bin Mat Isa @ Hashim
Member

Dato' Kua Khai Shyuan
Member

NOMINATION COMMITTEE

Dato' Zaidi bin Mat Isa @ Hashim
Chairman

Khor Ben Jin
Member

Dato' Kua Khai Shyuan
Member

REMUNERATION COMMITTEE

Dato' Zaidi bin Mat Isa @ Hashim
Chairman

Khor Ben Jin
Member

Dato' Kua Khai Shyuan
Member

COMPANY SECRETARIES

Wong Yuet Chyn (MAICSA 7047163)

SHARE REGISTRAR

Share Works Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

CORPORATE OFFICE

No. 2, Jalan Astaka U8/83,
Bukit Jelutong, Seksyen U8,
40150 Shah Alam, Selangor
Tel : 03 - 7847 2111
Fax : 03 - 7847 5111

AUDITORS

JAMAL, AMIN & PARTNERS (AF 1067)
Chartered Accountants
No. 60-2B, 2nd Floor, Jalan 2/23A
Off Jalan Genting Klang, Taman Danau Kota
Setapak, 53300 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : 03 - 4142 1626
Fax : 03 - 4142 1601

SOLICITOR

Messrs Lim Chong Phang & Amy

BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock name : Metronic
Stock code : 0043

CORPORATE WEBSITE

www.metronic-group.com

CORPORATE PROFILE

COMPANY HISTORY AND DEVELOPMENT

Background of Company

Metronic Global Berhad ("The Company" or "Metronic") was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007.

The subsidiaries of the Company specialise in system integration of intelligent building management systems ("IBMS") and integrated security management system ("ISMS"), e-project management ("e-PM") of mechanical and electrical service. One of the subsidiary was also involved in the provision of online administration service for the healthcare sector. Fundamental to this success is the mission of the Company and its subsidiaries ("the Group" or "Metronic Group") to continually exceed customers' increasing expectations. The Metronic Group focuses on building and integrating world-class technology to the market and is committed to continuously improve its quality, service and productivity.

The Evolution of the Metronic Group

The origin of the Metronic Group can be traced back to August 1984 when Metronic Engineering Sdn Bhd ("MESB") was incorporated to provide building automation service specializing in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-PM of mechanical and electrical service and supply of engineering systems. MESB carries products by principals such as TAC Controls Pte Ltd and Honeywell Integrated Security, USA which are amongst the world's leading companies in IBMS and ISMS.

During the early years, MESB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique and innovative IBMS and ISMS products, solution and services, mainly in the areas of "intelligent buildings".

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as "intelligent cities". With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimization of systems and resources. The driving force of the evolution of intelligent cities is the ability to reduce cost, optimise manpower utilisation and enhance service levels through aggregation, service integration and process automation.

Over the years, the Group has strengthened its position in the value chain towards becoming an ICMS provider. By converging newer technologies with the JBCM™ (Java Based Control & Monitoring Software) platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications. In line with the Group's plan to migrate as a provider of ICMS, these technologies will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

In a move to diversify and complement its existing core business, in 2008, the Group via Metronic iCares Sdn Bhd ("Micares") ventured into Third Party Administration and Managed Care Organisation businesses for the healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet.In the year 2013, the Group has disposed off the ICT Support Services Division. The disposal of Micares provides an opportunity for the Group to realize its investment at an attractive return, generate funds for working capital and investment in other potential businesses and repayment of borrowings. The rationale for disposal is also due to the financial and business prospect is uncertain with the recent consolidation within the insurance industry and the various mergers and acquisition of some of Micares' major clients which may affect Micares' business.

For geographical expansion, Metronic Group has embarked on a series of acquisition strategies over the last few years to complement the local market. As at today, the Group has reached China, India, Vietnam and Middle East countries.

CORPORATE PROFILE (CONT'D)

PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Presently, Metronic Group, through its subsidiaries, specializes in IBMS and ISMS. However, as part of the initiative to increase the revenue, Metronic Group, in 2015 had diversified into property development whereby the subsidiary company had acquired 7.9 acres of lands in Kuala Krai, Kelantan with the estimated Gross Development Value of RM56 million.

The Group main focus however remains for its building management system works which encompass hardware and software required for the control and management of an intelligent building with components including heating, ventilation and air conditioning, lighting, fire and security equipment.

The key drivers that are guiding the building/construction industry to adopt this technology are:

- The onset of the network convergence of the CCTV, computers, alarm system and access control with the advance technology of biometrics;
- Prevalent use of internet and IP networking; and
- The efficiency of the system as it saves time and cost

The integration of the building/industrial automation system security system has become one of the most popular methods used by many corporations in converging their existing system into an all encompassing system. Two (2) of the main components of the IBMS and ISMS are the hardware and the software solution. The hardware portion includes security devices such as CCTV, the video recording (either digital or analogue), access control and the intrusion devices. The software solution is an important feature which ensures that this equipment communicated and works coherently in a common personal computer-based environment.

The Group is presently a key player in the IBMS and ISMS industry in Malaysia and with its expertise in system integration and knowledge of advanced technology.

The business divisions of the Metronic Group are highlighted as follows:

(i) IBMS Division

IBMS is an integration of Building Automation System, Access Control, Closed Circuit TV (''CCTV") System and Addressable Fire Control & Monitoring System into one single intelligent system. There are three sub-divisions as follows:

- Building Automation System (''BAS")
- Java Based Control & Monitoring Software (''JBCM")
- Smart Home

(ii) ISMS Division

ISMS provides a high level security solutions by integrating all the individual security system like CCTV ,Card Access, Perimeter Intrusion Detection System, Door Monitoring System, Guard Tour System and Asset Tracking System into one single intelligent device.

(iii) e-PM Engineering Services Division

The Group is involved in the provision of engineering services specialising in the field of Mechanical and Electrical (''M&E").

The Group is continually developing the Building M&E knowledge and expertise within the Group as part of the division's objectives to be sufficiently prepared to be a competitive Design and Construct M&E Contractor.

CORPORATE PROFILE (CONT'D)

CERTIFICATIONS AND RECOGNITIONS

MESB is an accredited ISO 9001: 2015 total solution company for "Design, Engineering, Construction, Project Management, Commissioning, Service and Maintenance of Intelligent Building Management System (IBMS), Intelligent Building Security Systems (IBSS) and Mechanical – Electrical Services".

MESB remains the ECO Expert partner of Schneider that enables MESB to enjoy better costing and other privileges such as marketing and training funds.

PROJECT TRACK RECORDS AND EXPERIENCE

MESB to-date has completed more than 540 projects with total contract sum more than RM1.2 billion.

Following are the list of projects completed during the year;

Projects	Scope of works
• Project Mass Rapid Transit Sungai Buloh – Kajang Line	Building Management System
• Lot D, KL Sentral	Building Security System
• Sunway Velocity Hotel	Building Control System
• Arcoris Mon't Kiara (MK 20)	Building Automation System
• Putrajaya Lot 2C5	Building Control System
• Damansara City Hotel	Building Control System
• Melawati Sime Darby CapitaMall	Building Management System
• KL Eco City Parcel C - Strata Office (Blok E)	Building Management System
• Paradigm Johor Bahru - Mall & Hotel	Building Automation System
• RADIA Bukit Jelutong Mixed Development	Building Automation System

CORPORATE STRUCTURE
AS AT 30 JUNE 2018

METRONIC GLOBAL BERHAD
(632068-v)

100%
METRONIC ENGINEERING SDN BHD
(125404-M)

100%
M ONE COUNTRY DEVELOPMENT SDN BHD
(733049-M)

100%
M TWO COUNTRY DEVELOPMENT SDN BHD
(590326-A)

70%
BONANZA PARTNERS SDN BHD
(1129416-H)

100%
METRONIC INTEGRATED SYSTEM SDN BHD
(332032-D)

100%
METRONIC GAHARU SDN BHD
(753991-V)

100%
ANHUI LAI'AN METRONIC WATER SUPPLY CO. LTD. (PRC)

100%
METRONIC MICROSYSTEM (BEIJING) CO. LTD (PRC)
(COMPANY NO. 023500)

100%
METRONIC VIETNAM COMPANY LTD

89%
METRONIC ENGINEERING PVT LTD

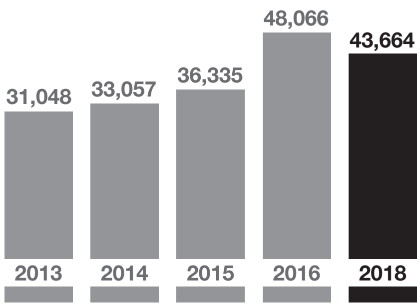
58%
IDEAL ULTIMATE SDN BHD
(823540-V)

50%
METRONIC SAUDI ARABIA LLC

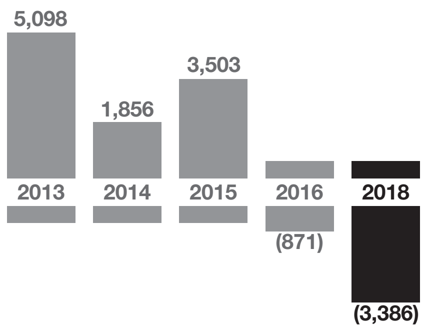
FIVE-YEAR FINANCIAL HIGHLIGHTS

	2013 RM'000	2014 RM'000	2015 RM'000	2016 RM'000	2018 (18 months) RM'000
Revenue	31,048	33,057	36,335	48,066	43,664
Profit/ (loss) before tax	5,098	1,856	3,503	(871)	(3,386)
Profit/ (loss) for the year	5,128	1,241	4,061	(5,009)	(4,277)
Profir/ (loss) attributable to equity holders of the company	5,160	1,241	3,973	(5,005)	(4,296)
Shareholders' funds	44,116	47,123	57,159	62,242	70,869
Net earnings/ (loss) per share (cent)	0.79	0.18	0.54	(0.66)	(0.47)
Net assets per share attributable to equity holders of the company (cent)	6.82	6.81	7.83	8.21	7.37

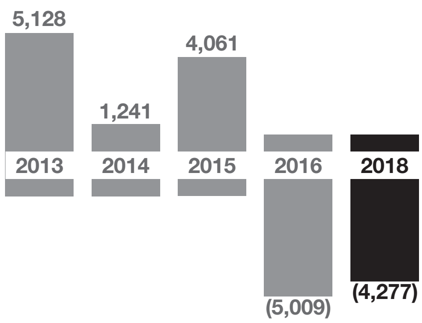
REVENUE (RM'000)



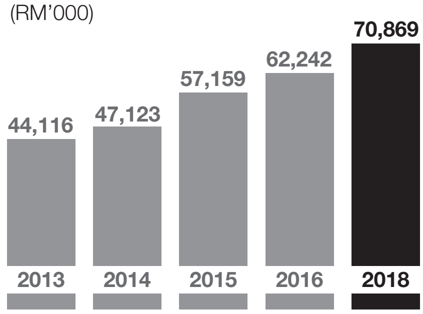
PROFIT/(LOSS) BEFORE TAX
(RM'000)



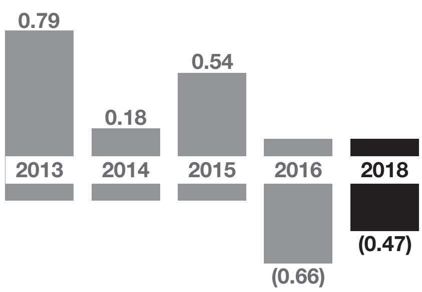
PROFIT/(LOSS) FOR THE YEAR
(RM'000)



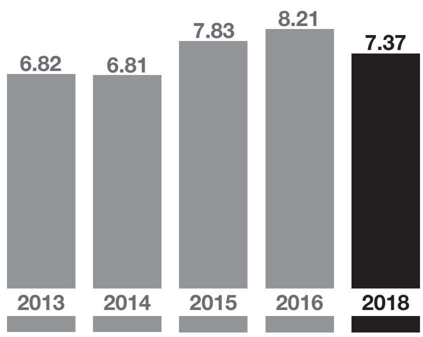
SHAREHOLDERS' FUNDS
(RM'000)



NET EARNINGS/(LOSS) PER SHARE
(RM'000)



NET ASSETS PER SHARE (RM'000)



PROFILE OF DIRECTORS

DATO' ZAIDI BIN MAT ISA @ HASHIM

Malaysian, Male, Aged 49 years

Independent Non-Executive Chairman

Dato' Zaidi bin Mat Isa @ Hashim was appointed as an Independent and Non-Executive Chairman of Metronic Global Berhad on 15 November 2017.

He is also a Chairman of Nomination Committee and Remuneration Committee and a member of the Audit and Committee. He has a Master in Bussiness Administration from University Malaysia Pahang with 1st Honor. Dato' Zaidi was formerly a Director of Kumpulan Darul Aman Group and a Managing Director of Darul Aman Consolidated Bhd and the subsidiaries of Darul Aman Group from 1995 to 2000.

From 2001 to 2011, he was seconded as a Chief Executive Officer of My Prima Group Companies. He has gained substantial experience in branding, marketing and PR and has good networking both in the government and sector and in the corporate world. He is the Chairman of Key Alliance Group Berhad.

He has no family relationship with any of the directors and/ or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offences, if any.

He has attended two (2) Board Meetings held during the financial year.

HOO WAI KEONG

Malaysian, Male, Aged 42 years

Executive Director

Mr. Hoo Wai Keong was appointed to the Board of Metronic Global Berhad on 6 July 2018 as an Executive Director. He graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control Systems in Year 1997.

Mr. Hoo Wai Keong has over twenty one (21) years experience working in Engineering Services. Started his career in Singapore as a Mechanical Engineer In Automation Company where he covered Automation system and Electronics design, Testing and Commissioning. He then moved on as a Mechanical Strategic Buyer for Audio Electronics Systems. After that he extend is career as a Sales and Project Development Manager for Semiconductors Electronics Equipments.

In 2005, he setup his own Company dealing with Engineering Fabrication from the range of Precision Machinery Spare Parts Components to fabricate higher precision for Banking Machines, Semiconductors Equipments and Automotives Parts whereby he was a Managing Director. The business that was base in Singapore subsequantly expanded production to China Suzhou Providence with sales market to Singapore, China, Europe and US. The last position held was a Managing Director in the company until 2018.

He does not hold any directorship in other public companies.

He has no family relationship with any of the Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offences, if any.

As he was appointed as Director on 6 July 2018, he has not attended any Board Meeting held during the financial year.

PROFILE OF DIRECTORS (CONT'D)

KHOR BEN JIN

Malaysian, Male, Aged 43 years

Independent Non-Executive Director

Khor Ben Jin was appointed as Independent Non-Executive Director of the Company in 3 November 2016. He is the Chairman of Audit Committee and a member of both Nomination and Remuneration Committee.

He is a Fellow member of the Association of the Chartered Accountants, United Kingdom (FCCA) a Chartered Accountant registered with Malaysian Institute of Accountants (CA), a Certified Internal Auditor recognized by United States of America (CIA) and a Chartered Member of the Internal Auditors Malaysia (CMIIA). He is a Certified Internal and has extensive experience in internal audit consulting services, risk management exercises and corporate governance review with public listed companies involved in both industrial and consumer products manufacturing, integrated livestock farming activities, property development, and construction and trading services.

He does not hold any directorship in other public companies. He has no family relationship with any of the Directors and/ or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences in the past five (5) years other than traffic offences if any

He has attended all seven (7) Board Meeting held during the financial year.

DATO' KUA KHAI SHYUAN

Malaysian, Male, Aged 34 years

Non-Independent Non-Executive Director

Dato' Kua Khai Shyuan was appointed as Non-Independent Non-Executive Director on 30 March 2017. He completed his Degree with Bachelor in Commerce Management and Marketing from Curtin University of Technology in the year 2006. He began his career in year 2007, acting as the Regional Manager for Malaysia Region in a Multi-International Healthcare Products Company that is responsible to manage the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined into a local company specializing in the fabrication of plastics moulds and plastic injection moulding as a Head of Marketing Division.

He now serves as Executive Director of Trive Property Group Berhad, the Executive Director of DGB Asia Berhad, and the Non-Independent Non-Executive Director of M N C Wireless Berhad.

He has no family relationship with any of the Directors and for major shareholders of the Company. He does not have conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offences, if any.

He has attended all six (6) Board Meetings held during the financial year.

PROFILE OF DIRECTORS (CONT'D)

MUHAMMAD FALIQ BIN MOHD REDZUAN

Malaysian, Male, Aged 32 years

Independent Non-Executive Director

Encik Muhammad Faliq bin Mohd Redzuan was appointed as Independent Non-Executive Director on 6 September 2018. He started his career as an IT support System administrator in South Melbourne, Victoria. He was responsible for supporting hardware and software related issues within the company to ensure high level of availability of supported business applications.

In 2010, he joined Gagnar Solutions Sdn Bhd, an Information Technology company which holds licenses with Adobe, Autocat and HP to distribute their products. He assisted and managed in implementing a number of projects with various government agencies and local schools and universities throughout the country. He was responsible for developing markets in Malaysia in respect of Process Controls and Safety Instrument Systems.

In 2013, he joined Seahorse Platforms Asia Sdn Bhd ("SPA") as a planning manager in the engineering, procurement and construction sectors of the Proprietary Seahorse Lightweight Platform Technology for the Tembikai Field Development project.

Currently he is involved in the construction industry with Gagnar Contracting Sdn Bhd. He is overseeing the supply of raw construction materials to Concrete Batching Plants and the Sungei Besi - Ulu Kelang Elevated Expressway (SUKE) highway project in Kuala Lumpur. He has forged extensive partnerships with various suppliers throughout the country to supply construction related products such as soil, sand and rocks.

He does not hold any directorship in other public companies. He has no family relationship with any of the Directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years other than traffic offences, if any.

As he was appointed as Director on 6 September 2018, he has not attended any Board Meeting held during the financial year.

PROFILE OF CHIEF EXECUTIVE OFFICE

SET HIN FOOK
Malaysian, Male, Aged 53 years
Chief Executive Officer

Set Hin Fook was appointed as Chief Executive Officer ("CEO") of the Company on 5 January 2015. He was formerly director of a number of public listed companies appointed during turn around and manufacturing exercises. He was formerly the CEO of Linxis Sdn Bhd, a customized software development and R&D centre as well conceptualize and marketing of E-Commerce business models. Over his corporate career, he has served in senior management team and start-up a consultant with a number and has gained extensive practical experience in strategic management and business performance improvement area.

He holds a Bachelor of Science in Physics from the University of Malaya and Master of Science in Electrical Engineering from University of Mississippi, Oxford United States.

He does not hold any directorship in other public companies. He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offence in the past five (5) years. He holds 4,000,000 shares in the Company.

PROFILE OF SENIOR MANAGEMENT

Seated from left to right:
Shamsuddin Che Jusoh, Set Hin Fook, Hoo Wai Keong

Standing from left to right:
Chan Eng Seng, Chia Swee Loong, Ong Thian Peng and Thong Chai Thian

PROFILE OF SENIOR MANAGEMENT (CONT'D)

SHAMSUDDIN CHE JUSOH

Malaysian, Male, Aged 49 years

General Manager, Strategic and Business Transformations

Shamsuddin Che Jusoh was appointed as General Manager, Strategic and Business Transformations on 1 June 2017. He graduated in 1993 with a Degree in Accounting and has obtained a professional qualification-Chartered Institute of Management Accountant (CIMA). He is a member of the Malaysian Institute of Accountants (MIA), Chartered Institute of Management Accountant (CIMA) and Chartered Global Management Accountant (CGMA).

He has over 25 years working experience begun with audit firm, Arthur Andersen HRM & Co, followed by bank, government link company and public listed company involves in diverse industries include services and construction. His experience covering financial reporting, treasury operation, business planning and budgeting. Prior to joining Metronic, he was attached to an advisory firm providing accounting and financial advisory services.

He currently oversees the Group's transformation process includes business process improvement, financial planning and budgeting, internal controls, risk management and performance management.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offence in the past five (5) years other than traffic offences, if any.

ONG THIAN PENG

Malaysian, Male, Aged 52 years

General Manager – Sales & Marketing

Ong Thian Peng joined the Group in May 2018 as Gerenal Manager – Sales & Marketing. He has more than 25 year experience in Building Technology Industry with in-dept knowledge of the business, processes and customers (i.e more than 15 years working experience with Multinational Company, Johnson Controls) and demonstrated success driving profitable business growth. Proven leadership and people management skills, result-oriented, good communication skills, dedicated and a versatile team player who can work effectively and independently in challenging environment. Strong experience in leading large operational and professional teams through strategic business transformations. Highly effective in building partnership and customer relationships that serve as the foundation for continuity and sustainability of process and profits.

He holds a Diploma in Electronic Engineering from Kolej Tunku Abdul Rahman and completed his Master Business Administration program in year 2000.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offence in the past five (5) years other than traffic offences, if any.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

CHIA SWEE LOONG

Malaysian, Male, Aged 46 years

Head of Department – Design and Oversea Projects

Chia Swee Loong joined Matronic on 20 May 1995 and was appointed as Head of Department for Design and Oversea Projects for the Engineering Division in 1 September 2017. He holds a Diploma in Technology (Mechanical and Manufacturing Engineering) from Kolej Tunku Abdul Rahman and completed Engineering Council Part 2, UK. He joined Metronic in 1995 as Project Engineer and has twenty one (1) experience in the Engineering field specializing in system design. During this period, he also held the post of Country Manager from 2005 to 2012 for Metronic Engineering Sdn Bhd representative office (Vietnam) and subsequently Metronic Vietnam Co. Ltd.

He currently handles system design with particular on BMS and ELV design and provides relevant support and solution for commercial and MRT projects in this areas.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offence in the past five (5) years other than traffic offences, if any.

CHAN ENG SENG

Malaysian, Male, Aged 48 years

General Manager – Service & Maintenance Department

Chan Eng Seng joined Matronic on 1 June 1994 and was appointed as General Manager – Service for the Engineering Division since 1 Octorber 2012. He holds a Diploma in Electrical & Electrical from Kolej Abdul Rahman. He joined Metronic in 1994 as Service Engineer and possesses twenty two (22) years of experience in engineering field specializing in service and maintenance.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offence in the past five (5) years other than traffic offences, if any.

PROFILE OF SENIOR MANAGEMENT (CONT'D)

THONG CHAI THIAN

Malaysia, Male, Aged 61 years

Head of Department – Senior Administration & Human Resource Manager

Thong Chai Thian was appointed as a Senior Administration & Human Resource Manager on 2 April 2018.

He holds a BSc in Finance from University of Louisiana, USA. Subsequently, he obtained a certified licence of registered broker representative, NASB-Series 7 (General Securities) in June 1994 in New York City, USA. He started his career in USA with Japan Budget Travel International Inc. in New York City, USA as an Assistant Accountant From 1989 to 1994. Later, he joined Loh & Loh Construction Sdn. Bhd. in Kuala Lumpur as Human Resource Manager between 1995 and 2017.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offence in the past five (5) years other than traffic offences, if any.

CHAIRMAN'S
STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Metronic Global Berhad ("Metronic" or "the Company"), it is my pleasure to present the Annual Report and Audited Financial Statements for the financial year ended 30 June 2018.

INDUSTRY OVERVIEW

The Malaysian economy recorded a sterling growth of about 5.7% in 2017 underpinned by strong domestic demand and reinforced by external sectors. The construction sector, whereby the Group is involved, continues to register a robust growth of 7.4% despite slow-down of activities experienced in late 2017 and early 2018.

OPERATING ENVIRONMENT OVERVIEW

The year 2017 and early 2018 was a challenging period for the Group due to slow down in the construction industries with project owners and contractors delaying their launches and awards due to the unfavorable economic conditions and the then impending General Election in May 2018. The situation has directly affected the Group's performance to replenish its order book with less new contracts being secured while the on-going works experienced a slow-down.

In the year 2017, the Group has marked a significant achievement with the successful and timely completion of its MRT Line 1 project known as "Project Mass Rapid Transit Sungai Buloh – Kajang Line" with a contract sum of RM42.9 million. The project has obtained a Certificate of Practical Completion in July 2017.

The Group, based on the its performance to meet all the scheduled timelines supported by its vast experience, technical resources, financial strength and expertise in handling the MRT Line 1 project, has been awarded another infrastructure-related contract of RM50 million from Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp"). The Group's wholly owned subsidiary, MESB, was appointed as a primary contractor for the Design, Supply, Installation, Testing and Commissioning of Building Management System for Underground Works of Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya (SSP).

CHAIRMAN'S STATEMENT (CONT'D)

CORPORATE DEVELOPMENTS

The Group, as part of the initiatives to improve its financial strength, undertook series of corporate exercises which included a private placement and Employees' Shares Option Scheme (ESOS) that have raised a total proceed of RM14.2 million during the period under review.

The successful implementation of these exercises has proved our stakeholders' supports and confidence towards the future and prospect of the Group.

During the period under review, the Group has also disposed a property that has been vacant since 2014. This disposal enabled the Company to monetize the underutilized asset whereby the proceeds were utilised towards improving the Company's working capital position.

OUTLOOK

The outlook for the construction sector remains positive with the construction industry is anticipated to grow at 8%. This will be driven by the many on-going and planned infrastructure projects, helping to support a projected overall economic growth rate of 4.7-5.3% in 2018. The Group is likely to benefit from the pipeline of mega developments such as the LRT3 and Merdeka 118 which are among the RM150 million contracts underbidding that are yet to be awarded.

The Group is optimistic that our proven and reliable track record in rail and other mega projects will position us well to bid for these important and demanding projects.

For the coming year, to sustain growth and extend our competitive position, the Group will leverage on further innovation, application of technology and talent development. In doing so, we continue to pursue on the research and development and deploy all available resources to replenish and enlarge our order book, strengthen our market position and ensure more efficient delivery of our projects.

APPRECIATION AND ACKNOWLEDGEMENT

Over the past eighteen months, the Group experienced round of changes at the Board of Directors. In August 2017, my predecessor, Mr. Patrick Chin Hau Yui has left the Group followed by Mr Ric Koh Wai Chee in May 2018.

Their departures were however being succeeded by my-self who was appointed in November 2017 and later followed by Mr. Hoo Wai Keong and Mr. Muhammad Faliq bin Mohd Redzuan in July 2018 and September 2018 respectively.

On behalf of the Board, I would like to extend my sincere appreciation to Mr. Patrick Chin Hau Yui and Mr Ric Koh Wai Chee for their valuable contributions. Whilst we would like to express our most welcome to Mr. Hoo Wai Keong and Mr. Muhammad Faliq bin Mohd Redzuan which we strongly believe that your inputs and supports would be very useful and incremental towards bringing the Group into better footing.

On behalf of the Board, I would also like to thank the Group's management members, shareholders, customers, suppliers, business associates, bankers and other stakeholders for their continued support. The appreciation also goes to our employees for their continued dedication and commitment. We look forward to better performance in 2018 and ahead.

On behalf of the Board

Dato' Zaidi bin Mat Isa @ Hashim
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Metronic Global Berhad ("Metronic or the Group") through its wholly-owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), is a total solution provider company having been in the industry since 1984 and considered to be one of the local pioneers in the engineering business. We specialize in design, supply, install, testing and commissioning, and service and maintenance of Intelligent Building Management System (IBMS), Building Management System (BMS), Energy Management System (EMS), Security System (Card Access, CCTV System, Guard Tour and Car Parking System), Information and Communication Technology System (ICT), Extra Low Voltage System, Smart Home System, Home Alarm and Intercom System. Our business operations are primarily located in Malaysia with offices in Shah Alam, north and south of Peninsular Malaysia.

MESB is the market leader in Building Management System even before 2012, and capture about 80% of the market share then. During 2012 to 2013, there was major changes in Board composition which resulted in over diversification of business ventures. This was followed by shift of business directions into property development, fertilizer and distribution of healthcare equipment.

In early 2017, the Group undergone round of change at Board level as well as management team. We, the new team, upon review of the Group's operation, has discovered several irregularities that has resulted to the appointment of special auditor which subsequently led to the legal proceeding taken against the former director, advisor and parties related in the transactions.

In 2017, significant time and resources were placed towards attending legacy issues comprising operational as well as non-operational. Most of the issues were almost resolved while the legal suits either brought by the Group or suit taken against the Group were concluded or towards the tail end. There were business ventures and arrangement undertook by the previous team that were not done to the best interest of the Group were also called-off.

It was acknowledged that the Group at the particular period experienced a constraint in working capital and to continue funding the progress of its property development project. This has resulted to series of funds raising exercises which included a private placement and Employee Shares Employment Scheme (ESOS).

For the year 2017 and early 2018 was a challenging period for the Group due to slow down in the construction industries with project owners and contractors delaying their launches and awards due to the unfavorable economic conditions and the then impending General Election in May 2018. The situation has directly affected the Group's performance to replenish its order book with less new contracts being secured while the on-going works experienced a slow-down.

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Over the course of 18 months reporting period, the Group recorded revenue of RM43 million, slightly lower compared to RM48 million in 2016. The reduction was mostly due to lower revenue from engineering contracts mainly resulted from the completion of its key project - Project Mass Rapid Transit Sungai Buloh – Kajang Line (MRT SBK Line 1) in July 2017.

Being a contractor for the Building Management System, the Group's revenue is very much dependent on the site progress of the respective projects. The Group in this instance secured RM22.5 million contract in August 2016 but the delay in the projects' progress has impacted the Group's work progress and revenue.

During the period under review, the Group however recorded higher Gross Margin from 44% to 51% due to additional revenue recognized from variation order claims totaling to RM7.1 million.

The Group suffered a loss before tax of RM3.4 million in the current financial period compared to a loss before tax of RM871 thousand in 2016. During the period, the Group continued to be burdened by provisions and impairments on investments and receivables totaling to RM2.7 million. In addition to that, the Group also incurred a significant amount of legal fees in its pursuit to recover losses suffered by the Group's previous investments and non-collectibles.

REVIEW OF OPERATING ACTIVITIES

Engineering works remain the key source of revenue for the Group whilst a detailed feasibility study is still being carried out by the Group for its property developments undertaken by its subsidiary company, M One Country Development Sdn Bhd, for the Kuala Krai development project.

Operational achievements

For the period under review, the Group reported various significant achievement among others, the completion of its MRT SBK Line 1 with a contract sum of RM42.9 million that has obtained a Certificate of Practical Completion in July 2017. The achievement has proven the Group's vast experience, technical resources, financial strength and expertise in handling large project to meet all the scheduled timelines.

In relation to that, the Group, in February 2018, has secured and awarded another contract of RM50 million from Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp") for the appointment of MESB as the primary contractor for the Design, Supply, Installation, Testing and Commissioning of Building Management System for Underground Works of Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya (SSP).

Operational challenges and Improvement initiatives

In the pursuit to remain ahead in the competitive industry, the Group has given appropriate attention to all relevant stakeholders including the customers and suppliers.

Our top 3 customers are Mass Rapid Transit Corporation Sdn Bhd, Samsung C&T (KL) Sdn Bhd and Sunway Construction Sdn Bhd, where we undertake projects in Building Management System, Extra Low Voltage System, Building Automation System and Building Control System. Whilst, our top 3 suppliers are Schneider Electric Industries (M) Sdn Bhd, Source Code Asia Sdn Bhd and JJ-Lapp Cable (M) Sdn Bhd.

The Group's subsidiary, MESB, remains the ECO Expert partner of Schneider that enables MESB to enjoy better costing and other privileges such as marketing and training funds.

The Group has also taken necessary steps to leverage its long-term strategic relationship with the existing and potential business associates and partners that would enable to smoothen the business process, improve efficiency as well as to improve cost effectiveness. MESB has also engaged into smart partnership with parties for synergistic team to secure more projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

The banks have also played an important role and have remained supportive of the Group. During the period under review, MESB has secured additional banking facilities totaling RM8 million that eased its working capital and trade facilities requirements.

Technology products and innovative solutions remain crucial and being the driving factors behind the performance of our core business. Therefore, the Group has formed its Research and Development Unit that has been tasked to undertake the required development of new products and solutions to interface with more devices and internet of things (IOT).

The Group has also embarked the Business Transformation Program to strenghten its business foundation. The program has identified key action plans required to improve its capability and competency, and it covered the improvement of the governance structure, business policies and processes, performance management system and other business processes enablers.

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken to maintain our talent pool in anticipation of securing more major projects ahead. Efforts have been put to upgrade the employees' technical skill and maintain a competent team to stay competitive.

CORPORATE DEVELOPMENTS

During the period, there were several funds raising exercises undertook by the Group in order to improve our financial standing.

Private placements and Employee Shares Option Scheme (ESOS)

Between January 2017 to June 2018, a total of RM14 million was raised through issuance of 204,339,625 new shares via private placements and Employee Shares Option Scheme (ESOS).

Disposal of property

In November 2017, MESB entered into a Sale and Purchase Agreement for the proposed sale of its 3 storey semi-detached office cum factory titled no. GRN 332748, Lot No 64260 Mukim of Damansara, District of Petaling, Selangor for a total cash consideration of RM6.0 million.

The disposal has enabled the Group to monetize the underutilized property that has been vacant more than 3 years since April 2014 at a lack luster property market period for supply of office and factory building in the surrounded vicinity. The proceeds were partly utilized to pare down its bank borrowings and financed our working capital requirements.

Proposed rights issue

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

The application was approved by Bursa Malaysia Securities on 18 July 2018 and expected to obtain approval from shareholders during the Extraordinary General Meeting scheduled on 29 November 2018.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISKS

The Group is currently exposed to the following risks:

(1) Reducing construction and infrastructure projects due to economic environment.
(2) Lower success rate in securing tender due to competitive pricing among competitors as well as delivery and performance.

Plans to mitigate risks:

(1) Collaborate with the key equipment suppliers to enhance product features and the required certifications to improve bidding price competitiveness
(2) Setting up a Research and Development center to create better BMS solution and reduce product cost. The center will also play a pivotal role in creating more functions and interfacing with more devices and internet of things (IOT).
(3) Provide training, certification and incentive for more competent and skilled team as well as charting a career path for employees.
(4) Attract talented staff by changing working environment to a more conducive and corporate image, and adopting latest technology to improve efficiency and productivity of staff.

FORWARD-LOOKING STATEMENT

The Group is mindful of the challenges ahead for the Engineering Division with the intense competition and current economic situation. The recent cancellation and scaled-down of mega rail infrastructure projects namely High-Speed Rail, MRT3 and LRT3 and the slow-down in the construction industries has somehow affected the construction industries overall. The Group however remains optimistic that the market size in BMS business will recover and to continue growing. Post-General Election, the other high profiled construction project such as Merdeka KL118, TRX which we are targeting for their BMS and ELV projects are expected to be accelerated.

The Group to-date has submitted tenders for RM136 million while the remaining balance is awaiting for the tender process. Based on the new initiative to mitigate the risks, with our combined experience, financial resources and technical strength, we are optimistic once again to secure more contracts, and regain our market share and leadership position in this engineering and technology solutions provider industry.

Meanwhile, we are continuously exploring and assessing opportunities and growth prospects to increase shareholder value.

SUSTAINABILITY STATEMENT

Our vision, mission, and core values from the guiding principles in the way we manage corporate sustainability and interaction with our stakeholders.

CORPORATE GEVERNANCE	EDUCATION AND HUMAN CAPITAL DEVELOPMENT	PRODUCTIVITY & INNOVATION
Providing a rigorous system of policies, practices & internal controls upheld by our Board, Management and Employees	Creating a culture of excellence, competitiveness & knowledgeable society through continual development of stakeholders	Delivering value added and quality solutions that meet our Customers' needs.
SAFETY AND HEALTH	**ENVIRONMENTAL CARE & PROTECTION**	**CORPORATE SOCIAL RESPONSIBILITIES**
Ensuring a safe and secure workplace as well as proactively managing health and safety risks.	Protecting and conserving the environment.	Making a positive difference to the communities we operate in.

The Group recognises that the business operations are intertwined with various stakeholders and their valuable contribution has a significant impact on the Group's market value. A robust stakeholder engagement approach helps the Group to communicate openly which makes it easier to build trust between the Group and its stakeholders.

This engagement with relevant stakeholders is a critical process to promote learning, share ideas and improve the Group's understanding of the business environment.

STAKEHOLDER ENGAGEMENT

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Customers	To deliver value added and quality services and solutions that meet our Customers' needs.	Efficient and satisfactory services and deliveries	• Customer satisfaction surveys • Personalised services • Strategic alliance and regular meetings
Employees	To create a safe workplace with good employee welfare, open communications and career advancement.	• Employee welfare • Training and development • Employee engagement	• Safety Briefing & Toolbox Meetings • Workshops, seminars & trainings • Quarterly staff meetings • Posters/Memos
Contractors, Industry Partners, and Supplies	To drive sustainability across our supply chain.	• Strategic partnership • Sustainable practices	• Site Inspections • Supplier selection via pre-qualifications and tendering process
Government and Regulatory Bodies	To comply with applicable laws and regulations across all our operations.	• Regulatory compliance • Annual reporting • Sustainability reporting	• Maintain relationships with government officials

SUSTAINABILITY STATEMENT (CONT'D)

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Investors	To assist inventors in making informed investment decisions by providing timely and regular updates on financial performance, business strategy and other issues.	• Strong financial performance • Timely and transparent disclosure	• Quarterly financial results announcements • Quarterly analysts' briefings • Immediate announcement of material events • Annual General Meeting • Corporate website
Media	To strengthen our profile by providing timely and accurate information about our Group's developments.	Timely and accurate information on Group's business	• Press releases
Local Communities	To support local communities in economic, environmental and social development.	Community development initiatives	• Local sourcing Donations and Corporate Contributions

APPROACH TO SUSTAINABILITY

The following table provides the details of the identified material issues which were classified in seven categories and our approach.

Classifications	Issue	Our Approach
Economic Performance	Profitability	• Executing the Group's strategic plan. • Top Management to keep abreast with local and global economic climate through economic reports and media. • Continuous efforts in improving efficiency and quality of projects. • Improve Group's earnings sustainability by exploring for business opportunities that provide recurring income.
Business Conduct and Governance	Legal Compliance	• Access to information and professional advice. • Review of legal requirements for contracts • Keep abreast with new accounting standards by attending seminars. • Updating relevant staff on new changes of laws and regulations. • Formation of Safety and Health Department. • Managing operations to ensure compliance to all legal requirements.
	Crisis and business continuity management	• Establish a sound framework to manage risks.

SUSTAINABILITY STATEMENT (CONT'D)

Classifications	Issue	Our Approach
Business Conduct and Governance (Cont'd)	Ethics	• Formalise ethical standards through code of ethics and conduct. • There were no confirmed incidents of corruption, money laundering, non-compliance or violation of laws and regulations. • Ensure adequate safety measures and provide proper protection to workers and employees at the workplace. • Ensure activities of the Group do not harm the interest and well-being of society at large.
Safety and Security	Workers' Safety	• Establishment of Safety and Health Plan to reduce rates of injury, occupational diseases, lost days and absenteeism. • Employees are required to adhere strictly to our Standard Operating Procedures at all times. • Disseminate safety information via Safety Handbook. • Promote a safety culture: Safety First, Quality Always. • Our impeccable safety record to date is a testament of our commitment to safety.
	Workers' Health	• Minimise workplace health hazards. • Create culture of enhance wellbeing.
	Security Issue	• Installation of closed-circuit television within office boundaries.
Environmental Impact	Energy Management	• IBMS solution helps property and building owner to reduce the operation cost and energy expenditure dramatically • Create and promote environmentally beneficial products/services eg. certified to Green Building Index
	Material Usage	• Disseminate information on how to lower environmental footprint via newsletter. • Ensure effective use of natural resources.
	Waste Management and recycling potential	• Adopting green practices and using natural resources responsibly. • Manage consumption of direct and indirect sources of energy used in the operations.

SUSTAINABILITY STATEMENT (CONT'D)

Classifications	Issue	Our Approach
Employee Welfare and Health	Talent retention	• Attractive remuneration package and advancement opportunities for talented employees.
	Staff Welfare	• Standardised Human Resources policies. • Promote professionalism and improve the competency of Management, employees and skill workers via continuous training. • Stringent Health and Safety programmes at the workplace. • Provide Insurance plan, Employee Share Scheme and Bonus to supplement higher costs of living. • Organised party for festives celebration.
	Learning and Development	• An employee's professional development continues throughout his/her career with us, mainly through on-the-job training in the form of technical and skilled courses conducted by external experts in their respective fields.
Business Excellence	Productivity	• Engage closely with our customers and contractor partners to solicit feedback and improve processes through a number of channels including customer surveys, project discussions, on-site visits and other events. • Continuous improving in engineering processes.
	Project Quality	• Meeting and exceeding our customer's requirement and expectations. • Consistently review our Quality Management System to ensure compliance to ISO 9001:2015 requirements.
Community Involvement	Community Initiative	• Create Jobs. • Create beneficial product/services. • Corporate contribution to local communities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") presents this Statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("CG") ("MCCG") by Metronic Global Berhad ("Metronic" or the "Company") and its subsidiaries (the "Group") and should be read together with the CG Report 2018 of Metronic ("CG Report") which accompanies this Annual Report and is also available on Metronic's website at www.metronic-group.com ("Metronic's Website").

The CG Report provides the details on how Metronic has applied each Practice as set out in the MCCG during the financial period ended 30 June 2018 ("FPE 2018").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Metronic's Website. The Board Charter will be reviewed on an annual basis or more frequently if necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Senior Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Metronic is led by the Executive Director. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and is further explained in the CG Report.

The positions of the Chairman and the Executive Management are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman, Executive Directors, the individual Board Members as well as the Chief Executive Officer designate.

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary. At each quarterly meeting, the Board deliberated and approved the Group's business plan, including financial performance to date.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (Cont'd)

During the year under review, 7 board meetings were held and the details of the attendance of each Director are as follow;

Name of Directors	No of meeting attended	%
Dato' Zaidi bin Mat Isa @ Hashim Independent Non-Executive Chairman (Appointed on 15 November 2017)	2/3	67
Patrick Chin Hau Yui Independent Non-Executive Chairman (Resigned on 30 August 2017)	4/4	100
Koh Wai Chee Executive Director (Appointed on 31 Mar 2017 and resigned on 31 May 2018)	6/6	100
Dato' Kua Khai Syuan Non-Independent Non-Executive Director (Appointed on 30 Mar 2017)	6/6	100
Khor Ben Jin Independent Non-Executive Director	7/7	100
Hoo Wai Keong Executive Director (Appointed on 6 July 2018)	–	–
Muhammad Faliq bin Mohd Redzuan Independent Non-Executive Director (Appointed on 6 September 2018)	–	–

Mr. Hoo Wai Keong and Encik Muhammad Faliq were appointed after the Company's financial year end and therefore has not attended any meetings during the financial period.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")

The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated in the Committees.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Executive Directors are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Executive Director takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(a) BOARD RESPONSIBILITIES (Cont'd)

The Board is supported by an External Company Secretary. The Company Secretary of Metronic is qualified to act as Company Secretary under Section 235 of the Companies Act 2016, of which she is an Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretary provides the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors in office at the end of FPE 2018 were as follows:

Name of Directors	Date	Course Title
Dato' Zaidi bin Mat Isa @ Hashim	13 December 2017	CG Breakfast Series: Leading in a Volatile, Uncertain, Complex, Ambiguous World
Dato' Kua Khai Shyuan	29 December 2017	The Malaysian Code on Corporate Governance 2017
Khor Ben Jin	20 & 21 February 2017	Mandatory Accreditation Programme

The Board (via the NC and with assistance of the Company Secretary) continuously evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

(b) BOARD COMPOSITION

Metronic is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 32 to 49 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in pages 9 to 11 of this Annual Report. The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

The Board currently has five members including three Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprises of independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics during the coming financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(b) BOARD COMPOSITION (Cont'd)

During the FPE 2018, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors. The Constitution of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2018 AGM, Dato' Zaidi bin Mat Isa @ Hashim, Mr. Hoo Wai Keong and Encik Muhammad Faliq bin Mohd Redzuan who retires pursuant to Article 79 of the Company's Constitution, have expressed their intention of seeking re-election. Mr Khor Ben Jin is due to retire by rotation under Article 86 of the Constitution and being eligible has offered himself for re-election. Following the NC's review on the performance of Dato' Zaidi, Mr Hoo, Encik Muhammad Faliq and Mr Khor and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect Dato' Zaidi, Mr. Hoo, Encik Muhammad Faliq and Mr. Khor as Directors of the Company at the forthcoming 2018 AGM.

(c) REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remain and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The NC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Group's activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

(c) REMUNERATION (Cont'd)

Details of Directors' remuneration who were in office during the financial period from 1 January 2017 to 30 June 2018 covering 18 months period following the change of financial year end from 31 December 2017 to 30 June 2018 are as follows:

Remuneration for 18 months period to 30 June 2018	Directors* Fees (RM)	Salaries & Allowance (RM)	Benefits In-kind (RM)	Total (RM)
Executive Director				
Koh Wai Chee (resigned on 31.05.2018)	–	278,907	–	278,907
Tan Kian Hong (resigned on 10.04.2017)	–	37,634	–	37,634
Non-Executive Director				
Patrick Chin Hau Yui (resigned on 30.08.2017)	27,500	–	–	27,500
Dato' Zaidi bin Mat Isa @ Hashim (appointed on15.11.2017)	30,000	–	5,000	35,000
Dato' Kua Khai Shyuan	75,000	–	–	75,000
Khor Ben Jin	45,000	–	–	45,000
Chin Yoon Siong (resigned on 31.03.2017)	7,500	–	–	7,500
Total	**185,000**	**316,541**	**5,000**	**506,541**

* Directors fees for the financial year is subject to shareholders' approval at the forthcoming AGM.

The RC had reviewed the Directors' fees and the Executive Director' remuneration for the FPE 2018 and recommended to the Board for approval.

Senior Management Remuneration

The range of remuneration of the senior management for the period ended 30 June 2018 which covering period of 18 months includes salary and other emoluments are as follows:

Range of remuneration during the period	Number of senior management
Below RM100,000	2
RM100,001 – RM200,000	–
RM200,001 – RM300,000	1
RM300,001 – RM400,000	2
RM401,001 – RM500,000	–
RM500,001 – RM600,000	1

The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises of three members, all of whom are non-executive directors with a majority of them are Independent Directors. The AC Chairman is Mr. Khor Ben Jin. Although none of the current members of the AC is a former key audit partner involved in auditing the Group, the Group incorporated the policy into the terms of reference of the AC as stipulated in Practice 8.2 that the said key audit partner observed a cooling-off period of at least two years before being appointed a member of the AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on 35 to 38 of this Annual Report.

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FPE 2018, the Board and AC were assisted by the Executive Director to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on 39 to 40 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

Going forward, the Board has restructured its risk management and internal control processes with the establishment of the AC.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(a) COMMUNICATION WITH STAKEHOLDERS

Metronic is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

(b) CONDUCT OF GENERAL MEETINGS

As stated earlier, the Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the meeting chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of and engagement with shareholders at the AGM in 2017, all Directors, including members of AC, NC and RC, attended and participated in said AGM.

In line with the best CG practice, the Notice of the 15th AGM and Annual Report are sent out to shareholders at least 28 days before the date of the meeting to allow sufficient time for shareholders to consider the proposed resolutions to be tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 18 October 2018.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no corporate proposal announced but not completed as at the date of this report except for an announcement made on 15 June 2017 where the Company proposes to undertake shares consolidation of every three (3) ordinary share into one (1) and the renounceable rights issue of up to 645,342,048 new Company's shares together with up to 484,006,536 free detachable warrants on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing Metronic shares held by entitled shareholders of Metronic on an entitlement date to be determined later. The application was approved by Bursa Securities on 18 July 2018 and the Extraordinary General Meeting to seek the shareholders' approval is scheduled on 29 November 2018. For more details, please refer to Bursa Malaysia announcement.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit fees services rendered to the Group by the external auditors for the financial period ended 30 June 2018 ("FPE 2018") amounted to RM202,370. During the financial year under review, there were no non-audit fees incurred and paid to the external auditors of the Group.

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interest for the FPE 2018 save as disclosed in note 41 of the Financial Statements.

4. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Annual Audited Financial Statements which give a true and fair view of the state of affairs of the Group and will ensure that they are presented in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

In the preparation of the financial statements for the FPE 2018, the Directors are satisfied that the Group had used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgment and estimates.

5. EMPLOYEE SHARE SCHEME

During the financial period a total of 137,139,625 new ordinary shares were exercised and issued under Employee Share Option Scheme.

AUDIT COMMITTEE REPORT

The Audit Committee of Metronic Global Berhad ("Metronic" or "the Company") was established by a resolution of the Board of Directors ("the Board") on 8 April 2004. The Committee, operating within a specific terms of reference was established to assist the Board of the Company in discharging their duties and responsibilities.

The Audit Committee meets regularly with the senior management and the internal and external auditors to review the Group's operations, financial reports and the system of internal controls and compliance.

A. MEMBERS

The Members of the Audit Committee in office during the financial period ended 30 June 2018 up to present are as follows :-

Members	Designation
Khor Ben Jin	Chairman
Dato' Zaidi bin Mat Isa @ Hashim	Member (appointed on 15 November 2017)
Dato' Kua Khai Syuan	Member (appointed on 30 March 2017)
Patrick Chin Hau Yui	Member (resigned on 30 August 2017)
Chin Yoon Siong	Member (resigned on 31 March 2017)

B. TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:

(1) Composition

The Audit Committee shall be appointed by the Board from amongst their members and shall comprise at least three directors, all of whom must be non-executive directors, with a majority of them being independent directors. The Chairman who shall be elected from amongst members of Committee, shall be an independent Non-Executive Director. The Board shall at all times ensure that the Audit Committee should be financial literate and at least one member of the Committee must be a member of the Malaysian Institute of Accountants ("MIA"). If he is not a member of MIA, he must fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

No alternative director may be appointed as a member of the Committee.

In the event of any vacancy in the Committee resulting in the number being reduced to below three, the Board shall within three months of that event fill the vacancy.

The Board will review the terms of the office and the performance of the Committee and its members at least once every 3 years.

(2) Objective

The primary objective of the Committee is to assist the Board in the effective discharge of its fiduciary responsibilities in the following aspects:

(i) Review the adequacy and integrity of the Group's internal control systems, management information system including system of compliance with applicable laws, regulations, rules, directives and guidelines.
(ii) Ensure that the risk management framework to manage material risk is in place and adhered to.
(iii) Oversee financial reporting and evaluate the internal and external audit processes.

AUDIT COMMITTEE REPORT (CONT'D)

B. TERMS OF REFERENCE (CONT'D)

(3) Authority

The Committee is authorized to investigate any matter within its terms of reference with full and unrestricted access to both internal and external auditors and all the Group's records, properties and personnel.

The Committee is authorized and shall be entitled to obtain external legal and other independent professional advice to assist in executing its duties.

(4) Meeting

The Committee shall meet at least four (4) times a year to coincide with the review of the quarterly and annual financial statements prior to presentation to the Board for approval. Additional meetings may be called as and when necessary at the discretion of the Chairman of the Committee.

In order to form a quorum, the majority of members present must be independent non-executive directors. Other members of the Board and Senior Management, Internal and External Auditors may attend meetings upon invitation by the Committee.

The Company Secretary is the Secretary of the Committee and shall be responsible for drawing up the agenda with the consent of the Chairman. The agenda together with the relevant documents shall be circulated to the committee members, one week prior to each meeting. The Company Secretary shall be responsible for recording attendance, keeping minutes of meetings and circulating to committee members and members of the Board.

The Audit Committee met 7 times during the financial year. The Audit Committee met twice with the external auditors without the presence of management during the financial period ended 30 June 2018. ("FPE 2018").

(5) Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

(i) Review with the external auditors, the audit scope and plan, including any changes to the audit plan and scope. Review the adequacy of the internal audit scope and plan, as well as the functions, competency and resource of the internal audit function and that it has the necessary authority to carry out its work.

(ii) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.

(iii) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.

(iv) Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
- Changes in or implementation of major accounting policies
- Significant or unusual events
- Significant adjustments from audit and
- Compliance with accounting standards and other legal requirements

(v) Review the external and internal audit reports to ensure that appropriate and prompt remedial actions are taken by the management on major deficiencies in controls or procedures that are identified.

(vi) Review the major audit findings and the management's responses during the year with the management, internal and external auditors, including the status of previous audit recommendations.

AUDIT COMMITTEE REPORT (CONT'D)

B. TERMS OF REFERENCE (CONT'D)

(5) Duties and Responsibilities (Cont'd)

(vii) Review the assistance given by the Group's employees to both the internal and external auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
(viii) Review the adequacy and integrity of internal control systems, including enterprise risk management information system, and the internal or external auditor's evaluation of the said systems.
(ix) Direct and where appropriate monitor any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
(x) Discuss problems and reservations arising from the interim and final audit, and any matter the external auditors may wish to discuss (in the absence of management where necessary)
(xi) Review the appointment and performance of internal auditors.
(xii) Review any related party transactions and conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions on management's integrity.
(xiii) Monitor organizational compliance with statutory and Listing Requirements of Bursa Securities and other legislative and reporting requirements.
(xiv) Any other activities, as authorized by the Board.

C. SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the FPE 2018, the Audit Committee convened 7 (seven) meetings. Details of the attendance of the Committee members are as follows:

Name of Committee Members	Designation	No. of Meetings Attended
Mr. Khor Ben Jin	Chairman	7/7
Dato' Zaidi bin Mat Isa @ Hashim	Member (appointed on 15 November 2017)	2/3
Dato' Kua Khai Syuan	Member (appointed on 30 March 2017)	4/4
Patrick Chin Hau Yui	Member (resigned on 30 August 2017)	4/4
Chin Yoon Siong	Member (resigned on 31 March 2017)	0/1

The meetings were appropriately held and sufficient notice issued to the members.

In line with the terms of reference, the following activities were carried out by the Audit Committee during the financial period under review:

(i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for the consideration and approval.
(ii) Reviewed the audited financial statements of the Group and of the Company for the FPE 2018 and issues arising from the audited thereof prior to submission to the Board for consideration and approval.
(iii) Reviewed the audit plan presented by the external auditors prior to their annual report as to their scope of work and strategy.
(iv) Reviewed matters arising from the statutory audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group.
(v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.

AUDIT COMMITTEE REPORT (CONT'D)

C. SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES (CONT'D)

In line with the terms of reference, the following activities were carried out by the Audit Committee during the financial year under review: (Cont'd)

(vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
(vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.
(viii) Reviewed all related party transactions and recurrent related party transactions that arose within the Group on a quarterly basis to ensure that they are within the mandate obtained.
(ix) Reviewed the performance of the internal and external auditors and made recommendations to the Board on their reappointment and remuneration.
(x) Reviewed the Audit Committee's Report, Statement on Risk Management and Internal Control and Statement of Corporate Governance and its recommendations to the Board for inclusion in the Annual Report.

D. INTERNAL AUDIT FUNCTION

The Group appointed an external consulting company to undertake the internal audit function during the FPE 2018.

The role and responsibilities of the internal audit function are as follows:

(i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
(ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with its terms of reference and the annual audit plan was approved by the Audit Committee and the Board.

The total cost incurred for the internal audit function was RM27,049 for the FPE 2018. The internal audit function is outsourced to Messrs. Wensen Consulting Asia (M) Sdn Bhd.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Statement on Risk Management and Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("the Group") during the financial period ended 30 June 2018.

1. Board's Responsibility

The Board recognizes the importance of sound internal controls and risk management practice for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control ("the System") which includes establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

Nevertheless, the Board recognizes that the Group's system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives in view of the limitations inherent in any internal control system. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Executive Director ("ED"), Chief Executive Officer ("CEO") and their management team. Under the purview of the ED and CEO, the respective Head of Departments is responsible for managing the risk of his/her respective department as part of their day-to-day duties.

3. Internal Audit Function

The internal audit function is outsourced to an external consultant during the financial year ended 30 June 2018. The internal auditors adopted a risk-based approach and prepared the audit plan based on the risk profile of the Group. The internal auditors provided independent reviews on risk management and control processes implemented by the management and reported to the Audit Committee which reviewed the adequacy, integrity and effectiveness of the System.

The findings of internal audit were communicated to the management of the Group and the Audit Committee.

The Audit Committee reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the System.

4. Other Internal Control Process

Apart from risk management and internal audit, the Group's other key control processes include the following:

(i) There is an organization structure with well defined reporting lines of responsibility and accountability and delegation of authority.

(ii) Documented policies and procedures are updated where necessary to reflect any changing operational risks. The Board approves appropriate responses or amendments in the Group policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

4. Other Internal Control Process (Cont'd)

(iii) The Audit Committee comprises two (2) Independent Non-Executive Directors. The Audit Committee was established with a view to assist the Board in the effective discharge of its fiduciary responsibility in respect of the Group's Internal Control Systems, risk management and financial reporting.

(iv) Quarterly results are reviewed by the Board and the Audit Committee before announcement to the Bursa Securities.

(v) There are management meetings attended by the CEO and the management team to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.

(vi) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2015 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on periodical basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

5. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the financial year ended 30 June 2018. The external auditors conducted the review in accordance with the "Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the annual report ("AAPG 3") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management &Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. AAPG also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

6. Conclusion

There was no material or significant breakdown or weakness in the system of internal control of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the financial statements of the Group and of the Company, are drawn up in accordance with the provision of the Companies Act, 2016 and requirement of the applicable approved accounting standards in Malaysia and Bursa Securities' Listing Requirements.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and Company at the end of the financial year, and of the results and cash flows for the financial year then ended. In preparing the financial statements, the Board had ensured the following:-

- Applied the appropriate and relevant accounting policies on a consistent basis;
- Made reasonable and prudent judgments and estimates; and
- Applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and comply with the Companies Act 2016.

The Directors are also overall responsible for taking reasonable steps to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

financial statements

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 8 to the financial statements. There were no significant changes in the nature of these activities during the financial period.

FINANCIAL RESULTS

	Group RM	Company RM
Loss attributable to:		
Owners of the Company	(4,295,696)	(4,747,580)
Non-controlling interests	18,470	–
	(4,277,226)	(4,747,580)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial period.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

ISSUE OF SHARES AND DEBENTURES

During the period ended 30th June 2018, the Company increased its issued and paid up share capital from RM75,839,750 to RM89,877,524 by issuance of 204,339,625 ordinary share.

There was no issuance of debentures by the Company during the financial period, save as disclosed in Statement of Changes in Equity.

OPTIONS

No option has been granted during the financial period to take up unissued shares of the Company, save as disclosed in Note 20.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The directors in office since the date of the last report are:

Khor Ben Jin	
Dato' Kua Khai Shyuan	
Muhammad Faliq bin Mohd Redzuan	(appointed on 06.09.2018)
Hoo Wai Keong	(appointed on 06.07.2018)
Dato' Zaidi bin Mat Isa @ Hashim	(appointed on 15.11.2017)
Patrick Chin Hau Yui	(resigned on 30.08.2017)
Koh Wai Chee	(resigned on 31.05.2018)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held as follows:

	No. of Ordinary Shares			
	Balance 01.01.2017	**Bought**	**Sold**	**Balance 30.06.2018**
Direct interest in the Company				
Dato' Kua Khai Shyuan	–	1,000,000	–	1,000,000

By virtue of his interests in the shares of the Company, Dato' Kua Khai Shyuan is deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

The other directors holding office at the end of the financial period have no interest in shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 33 of the financial statements, or the fixed salary of a full-time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any deemed benefit which may have arisen by virtue of those transactions as disclosed in *Note 36 (b)* to the financial statements.

Neither during nor at the end of the financial period was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amounts written off of bad debts or the amounts of the allowance for doubtful debts in the financial statements inadequate to any substantial extent or the values attributed to current assets misleading; and

(b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial period and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial period; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial period are disclosed in *Note 40* to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial period are disclosed in *Note 41* to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Messrs Jamal, Amin & Partners, Chartered Accountants, have expressed their willingness to accept the appointment in accordance with section 267 (4) of the Companies Act, 2016.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

DATO' ZAIDI BIN MAT ISA @ HASHIM	**HOO WAI KEONG**
Director	Director

Kuala Lumpur,
Date: 23 October 2018

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the directors, the financial statements set out on pages 55 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2018 and of the results and cash flows of the Group and of the Company for the period then ended on that date.

Signed in Kuala Lumpur on 23 October 2018

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

DATO' ZAIDI BIN MAT ISA @ HASHIM

HOO WAI KEONG

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, **Set Hin Fook,** being the officer primarily responsible for the financial management of **Metronic Global Berhad**, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 55 to 131 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared in Kuala Lumpur on 23 October 2018

SET HIN FOOK

Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
To the Members of Metronic Global Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements METRONIC GLOBAL BERHAD, which comprise the statement of financial position as at 30 June 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2018, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit* of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants ("IESBA Code"),* and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Land held for property development The Group has land held for development approximately RM5.8 million. During the financial period, the Group reclassified land held for property development from deposit account into land held for property development since it represents the cost of the land. As the land held for property development represents 5% from total assets and involved significant increase during the period, we considered it as key audit matter.	Our audit procedures included, among others:- - checked the land title/sales and purchase agreement to confirm the ownership of the land; - enquired with the management, the future development plans of the land and the appropriateness for the reclassification of the land from deposits to land held for development; and - checked the accuracy of accounting record and ensure the value is as per agreement.
Property development cost The Group has property development cost approximately RM16.7 million. During the period, the Group impaired approximately RM0.8 million of the property development cost based on the professional judgement and estimation of uncertainty on the continuation of project which represent property development at Cheras and Cherating. The revenue of property development is recognised when the recognition criteria are met. It depends on management assessment of the estimation project's outcome. The Company did not recognise revenue from property development activity due to the outcome of the project cannot be reliably estimated. The property development cost represents 16% of the Group's total assets and is material. As the significant judgement was involved, this has been considered as key audit matters.	Our audit procedures included, among others:- - checked to the sources document for the additional cost incurred and recognised during the period and ensured the documents were approved and verified by relevant parties such as progress claim by contractor verified by architect; - ensure that the cost incurred were taken up in the correct period by checking subsequent claim by contactor; and - estimated the reasonableness of impairment provided by enquiring management to provide the future plan of the property development and probable future cash inflow.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Available-for-sale financial assets The Group has available-for-sale financial assets which comprise of quoted shares with carrying amount of approximately RM7.5 million. The valuation of available-for-sale financial assets depends on the fluctuation of market price. We focus on the valuation of the available-for-sale financial assets as at reporting date, addition and disposal of the assets during the period. As the available-for-sale financial assets represent 7% of Group's total assets and it is material, we consider this as a key audit matter.	Our audit procedures included, among others:- - checked to the source document for the additional and disposal of the available-for-sale financial assets; - we reviewed the accuracy of the calculation of gain or loss on disposal of the available-for-sale financial assets; - checked to the market price of the quoted shares as at period ended to determine the fair value of quoted shares; and - evaluated the reasonableness and adequacy of the impairment losses provided.
Deferred tax assets The Group has deferred tax assets approximately of RM4.2 million. During the period, the Group has recognised additional of tax credit approximately RM1 millions in relation to unused tax loss. The recognition of deferred tax assets relies on the application significant judgement by management in respect of assessing the probabilities and sufficiency of future taxable profits. In view of the significant amount and judgments involved, we consider this to be a key audit matter.	Our audit procedures included, among others:- - checked the accuracy of the computation of deferred tax assets; - evaluate the basis and assumption used in the forecast of future taxable profit by review the past actual outcome; and - assessed the adequacy of the Group's and the Company's disclosures on the deferred tax assets.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Trade receivables The carrying amount of the Group's trade receivables was amounted to approximately RM9.7 million. During the financial period, the Group assessed the impairment of trade receivables. The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.	Our audit procedures included, among others:- - obtained and evaluate the appropriateness of Group's policy on management of credit risk and its credit exposures. We also reviewed and evaluate the key control over the administration and monitoring process of credit control; - assessed the reasonableness of the method and assumption used by management in estimating the recoverable amount and impairment loss; - reviewed the adequacy of the amount of impairment loss and enquired the management regarding the recoverability of a sample of trade receivables that are pass due but not impaired accounts; and - reviewed the appropriateness of the indicators of impairment and disclosures made.
Contract revenue and cost recognition The Group recognised revenue and cost of sales for contract works based on the stages of completion. The stage of completion of contract work determined by the proportion of actual contract cost incurred for work performed to date to the estimated total contract costs, which includes estimates and judgement by the directors on costs to be incurred on the contracts. The significant judgement is required from management in determining the total estimated revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgment involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.	Our audit procedures included, among others:- - review the key control in respect of the budgeting process of project cost; - checked the computation of revenue for each project and considering the implication of identified material errors and changes in estimate; - tested sample of cost incurred to date to supporting documents such as suppliers invoices; - recomputed stage of completion percentages by computing the project cost incurred to date for work performed to the estimated project cost; and - assessed the adequacy and reasonableness of disclosure in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 8 to the financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

JAMAL, AMIN & PARTNERS
(No: AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No: 2977/03/20(J))
Chartered Accountant

Kuala Lumpur

Dated 23 October 2018

STATEMENTS OF FINANCIAL POSITION
as at 30 June 2018

	Note	Group 2018 RM	Group 2016 RM	Company 2018 RM	Company 2016 RM
ASSETS					
NON–CURRENT ASSETS					
Property, plant and equipment	5	9,083,823	16,734,559	–	–
Investment properties	6	16,278,373	18,135,841	–	–
Land held for property development	7	5,850,000	161,403	–	–
Investment in subsidiary companies	8	–	–	35,083,439	35,083,432
Investment in joint venture	9	–	–	–	220,850
Available-for-sale financial assets	10	7,534,438	6,727,677	7,534,438	6,727,677
Deferred tax assets	11	4,161,179	3,153,629	–	–
		42,907,813	44,913,109	42,617,877	42,031,959
CURRENT ASSETS					
Property development costs	12	16,673,595	13,988,926	–	–
Inventories	13	1,811,239	1,086,215	–	–
Trade receivables	14	9,884,115	12,843,327	–	–
Amount owing by contract customers	15	9,821,853	2,325,657	–	–
Other receivables and deposits	16	7,166,771	11,643,872	736,390	35,000
Current tax assets		17,281	44,384	22,162	22,162
Amount owing by subsidiary companies	17	–	–	9,833,340	69,787
Fixed deposits	18	11,717,682	2,944,130	–	–
Cash and bank balances		516,957	797,436	23,099	5,407
		57,609,493	45,673,947	10,614,991	132,356
Assets classified as held for sale	19	2,271,821	4,572,686	–	–
		59,881,314	50,246,633	10,614,991	132,356
TOTAL ASSETS		102,789,127	95,159,742	53,232,868	42,164,315

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group 2018 RM	Group 2016 RM	Company 2018 RM	Company 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	89,877,524	75,839,750	89,877,524	75,839,750
Revaluation reserve	21	17,665,591	24,040,288	–	–
Shares grant reserve		685,698	–	685,698	–
Foreign currency translation reserve	22	(366,407)	(568,964)	–	–
Accumulated losses		(36,993,153)	(37,069,518)	(54,265,725)	(49,518,144)
Total equity attributable to owners of the Company		70,869,253	62,241,556	36,297,497	26,321,606
Non–controlling interests		102,815	84,345	–	–
TOTAL EQUITY		70,972,068	62,325,901	36,297,497	26,321,606
LIABILITIES					
NON–CURRENT LIABILITIES					
Finance lease liabilities	23	–	145,959	–	–
CURRENT LIABILITIES					
Trade payables	24	4,573,353	6,006,310	–	–
Other payables and accruals	25	19,831,847	13,415,207	7,277,084	2,427,427
Amount owing to subsidiary companies	17	–	–	7,710,491	7,942,322
Amount owing to a director	26	–	5,564,230	–	4,864,230
Finance lease liabilities	23	30,265	117,267	–	–
Short term borrowings	27	5,322,532	5,207,436	1,947,796	608,730
		29,757,997	30,310,450	16,935,371	15,842,709
TOTAL LIABILITIES		29,757,997	30,456,409	16,935,371	15,842,709
Liabilities associated with assets classified as held for sale	19	2,059,062	2,377,432	–	–
		31,817,059	32,833,841	16,935,371	15,842,709
TOTAL EQUITY AND LIABILITIES		102,789,127	95,159,742	53,232,868	42,164,315

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 30 June 2018

		Group		Company	
	Note	**18 months period ended 30/06/2018 RM**	**2016 RM**	**18 months period ended 30/06/2018 RM**	**2016 RM**
REVENUE	28	43,664,102	48,066,323	–	–
COST OF SALES	29	(21,486,571)	(26,764,561)	–	–
GROSS PROFIT		22,177,531	21,301,762	–	–
OTHER OPERATING INCOME		3,130,525	9,266,155	1,727,651	1,037,302
ADMINISTRATIVE EXPENSES		(5,698,356)	(13,823,849)	(2,239,999)	(1,216,130)
OTHER OPERATING EXPENSES		(22,151,840)	(17,101,454)	(3,998,375)	(23,853,230)
LOSS FROM OPERATIONS		(2,542,140)	(357,386)	(4,510,723)	(24,032,058)
FINANCE COSTS	30	(843,942)	(513,915)	(236,857)	(137,940)
LOSS BEFORE TAXATION	31	(3,386,082)	(871,301)	(4,747,580)	(24,169,998)
INCOME TAX EXPENSE	32	937,957	(4,123,866)	–	–
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(2,448,125)	(4,995,167)	(4,747,580)	(24,169,998)
LOSS AFTER TAXATION FROM ASSETS CLASSIFIED AS HELD FOR SALE	19	(1,829,101)	(13,450)	–	–
LOSS AFTER TAXATION		(4,277,226)	(5,008,617)	(4,747,580)	(24,169,998)
OTHER COMPREHENSIVE INCOME:					
Item that may be reclassified subsequently to profit or loss					
- foreign currency translation		423,410	(839,287)	–	–
Item that will not be reclassified subsequently to profit or loss					
- revaluation surplus on land and buildings		(2,223,489)	10,927,254	–	–
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR		(6,077,305)	5,079,350	(4,747,580)	(24,169,998)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	Note	Group 18 months period ended 30/06/2018 RM	Group 2016 RM	Company 18 months period ended 30/06/2018 RM	Company 2016 RM
LOSS AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		(4,295,696)	(5,004,969)	(4,747,580)	(24,169,998)
Non-controlling interests		18,470	(3,648)	–	–
		(4,277,226)	(5,008,617)	(4,747,580)	(24,169,998)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:					
Owners of the Company		(6,095,775)	5,082,998	(4,747,580)	(24,169,998)
Non-controlling interests		18,470	(3,648)	–	–
		(6,077,305)	5,079,350	(4,747,580)	(24,169,998)
PROFIT/(LOSS) PER SHARE (sen)					
- Basic/diluted earnings/(loss) per share	34	(0.47)	(0.66)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the period ended 30 June 2018

	← Attributable to owners of the Company →							
	← Non-distributable →							
Group	**Share capital RM**	**Revaluation reserve RM**	**Shares grant reserve RM**	**Foreign currency translation reserve RM**	**Accumulated losses RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
Balance at 1 January 2016	75,839,750	13,113,034	–	270,323	(32,064,549)	57,158,558	87,993	57,246,551
Transactions with owners:								
Profit after taxation	–	–	–	–	(5,004,969)	(5,004,969)	(3,648)	(5,008,617)
Other comprehensive income:								
Foreign currency translation differences	–	–	–	(839,287)	–	(839,287)	–	(839,287)
Revaluation surplus on land and buildings	–	10,927,254	–	–	–	10,927,254	–	10,927,254
Total comprehensive income for the year	–	10,927,254	–	(839,287)	(5,004,969)	5,082,998	(3,648)	5,079,350
Balance at 31 December 2016	75,839,750	24,040,288	–	(568,964)	(37,069,518)	62,241,556	84,345	62,325,901
Transactions with owners:								
Issuance of share	14,037,774	–	685,698	–	–	14,723,472	–	14,723,472
Transfer of revaluation reserve to retained earnings	–	(4,379,091)	–	–	4,379,091	–	–	–
Loss after taxation	–	–	–	–	(4,295,696)	(4,295,696)	18,470	(4,277,226)
Other comprehensive income:								
Foreign currency translation differences	–	–		423,410	–	423,410	–	423,410
Revaluation surplus on land and buildings	–	(2,223,489)	–	–	–	(2,223,489)	–	(2,223,489)
Total comprehensive (loss)/income for the year	–	(2,223,489)	–	423,410	(4,295,696)	(6,095,775)	18,470	(6,077,305)
Balance at 30 June 2018	89,877,524	17,437,708	685,698	(145,554)	(36,986,123)	70,869,253	102,815	70,972,068

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Non-distributable Share capital RM	Accumulated losses RM	Share grant reserve	Total equity RM
Balance at 1 January 2016	75,839,750	(25,348,146)	–	50,491,604
Loss after taxation/Total comprehensive loss for the year	–	(24,169,998)	–	(24,169,998)
Balance at 31 December 2016/ 1 January 2017	75,839,750	(49,518,144)	–	26,321,606
Transactions with owners:				
Issuance of share	14,037,774	–	685,698	14,723,472
Loss after taxation/Total comprehensive loss for the year	–	(4,747,580)	–	(4,747,580)
Balance at 30 June 2018	89,877,524	(54,265,724)	685,698	36,297,497

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the period ended 30 June 2018

	Group		Company	
	2018	**2016**	**2018**	**2016**
	RM	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation from:				
- Continued operations	(3,386,082)	(871,301)	(4,747,580)	(24,169,998)
- Assets held for sale	(1,829,101)	(13,450)	–	–
Adjustments for:				
Bad debts written off	–	5,441,284	–	8,033
Bad debts recovered	(420,545)	–	–	–
Depreciation of investment properties	8,445	16,696	–	–
Depreciation of property, plant and equipment	743,068	719,233	–	–
Financial guarantee granted to a subsidiary company	–	–	–	(61,769)
Loss on disposal of property, plant and equipment	189,703	–	–	–
Impairment losses on:				
- amount owing by subsidiary companies	–	–	–	18,068,392
- investment in subsidiary companies	–	–	–	216,928
- trade receivables	776,342	3,055,239	–	–
- other receivables	–	570,666	–	–
Impairment loss on available-for-sale financial assets:				
- quoted shares	905,750	4,411,211	905,750	4,411,211
Impairment loss in joint venture	–	–	220,850	–
Interest expenses	843,942	513,915	236,857	137,940
Interest income	(245,303)	(111,499)	(107)	(68)
Loss on disposal of available-for-sale financial assets	–	990,565	–	990,565
Loss on foreign exchange				
- unrealised	–	16	–	–
Property, plant and equipment written off	210,535	23,590	–	–
Property development cost written off	789,237	–	–	–
Provision for slow moving inventories	–	1,497,062	–	–
Reversal of impairment losses on:				
- trade receivables	–	(5,365,371)	–	–
- other receivables	–	(290,841)	–	–
Waiver of debts	–	–	–	(462,568)
Operating (loss)/profit before working capital changes	1,414,009	10,587,015	(3,384,230)	(861,334)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in property development cost	(3,312,503)	(3,200,683)	–	–
(Increase)/Decrease in inventories	(725,024)	1,335,787	–	–
Decrease/(increase) in receivables and others	3,543,472	(1,269,474)	(701,390)	(3,415,342)
Increase in amount owing by contract customers	(7,496,196)	(15,375,159)	–	–
Increase in amount owing by subsidiary company	–	–	(9,763,553)	–
Decrease in amount owing to subsidiary company	–	–	(231,831)	–
Decrease /inrease in trade payables and others	(898,917)	911,897	(14,574)	1,882,837
Cash used in from operations	(10,303,177)	(7,010,617)	(14,095,578)	(2,393,839)
Tax paid	(54,581)	(54,584)	–	–
Tax refund	–	123,415	–	–
Net cash used in from operating activities	(10,357,758)	(6,941,786)	(14,095,578)	(2,393,839)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	245,303	111,499	107	68
Increase in investment of subsidiary	–	–	(7)	–
Investment in quoted shares classified as available-for-sale financial assets	(4,286,418)	(8,200,467)	(4,286,418)	(8,200,467)
Purchase of property, plant and equipment *(Note A)*	(252,210)	(289,428)	–	–
Proceeds from disposal of available-for-sale financial assets	2,573,907	5,129,435	2,573,907	5,129,435
Proceeds from disposal of property, plant and equipment and investment properties	6,060,000	–	–	–
Net cash generated from/(used in) investing activities	4,340,582	(3,248,961)	(1,712,411)	(3,070,964)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from a director	–	5,564,230	–	4,864,230
Interest paid	(843,942)	(513,915)	(236,857)	(137,940)
Issuance of share capital	14,037,774	–	14,037,774	–
Issuance of share grant reserve	685,698	–	685,698	–
Drawdown/(repayment) of bankers' acceptances	(454,045)	712,014	–	–
Drawdown of margin financing	1,339,066	608,730	1,339,066	608,730
Repayment of finance lease liabilities	(232,961)	(111,911)	–	–
Withdrawal of fixed deposits pledged with licensed banks	528,955	1,766,536	–	–
Net cash generated from financing activities	15,060,545	8,025,684	15,825,681	5,335,020
Net increase/(decrease) in cash and cash equivalents	9,043,369	(2,165,063)	17,692	(129,783)
Effects of changes in exchange rate	748,584	181,292	–	–
Cash and cash equivalents at beginning of year	(2,153,059)	(169,288)	5,407	135,190
Cash and cash equivalents at end of year (Note B)	7,638,894	(2,153,059)	23,099	5,407

NOTES TO CASH FLOWS STATEMENTS OF:

(A) Purchase of property, plant and equipment				
Aggregate cost	252,210	289,428	–	–
Less: Finance lease liabilities financing	–	–	–	–
	252,210	289,428	–	–
(B) Cash and cash equivalents comprise:				
Cash and bank balances	516,957	797,436	23,099	5,407
Fixed deposits	11,717,682	2,944,130	–	–
Bank overdrafts	(2,180,570)	(2,950,495)	–	–
	10,054,069	791,071	23,099	5,407
Less: Fixed deposits pledged with licenced banks	(2,415,175)	(2,944,130)	–	–
	7,638,894	(2,153,059)	23,099	5,407

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8.* There were no significant changes in the nature of these activities during the financial period.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The address of the registered office of the Company is No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur.

The address of the principal place of business of the Company is No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have 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. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

On 1 January 2017, the Group and the Company adopted the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2017:

Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative

Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Loses

Annual Improvements to MFRS Standards 2014 - 2016 Cycle

The adoption of the above MFRS and Amendments to MFRSs did not have any material impacts to the financial statements of the Group and of the Company.

MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretation	**Effective for annual periods beginning on or after**
MFRS 9 - Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 - Revenue from Contracts with Customers	1 January 2018
MFRS 15 - Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions	1 January 2018

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective: (Cont'd)

MFRSs/Amendments to MFRSs/IC Interpretation	**Effective for annual periods beginning on or after**
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16 - Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

<u>MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)</u>

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model.

MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

The Group and the Company do not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9.

MFRS 9 requires the Group and the Company to record expected credit losses on loans and receivables. Either on 12-months or lifetime basis. The Group and the Company expect to apply the simplified approach and record lifetime expected losses on trade receivables. Upon application impact on to equity due to unsecured nature of the loans and receivables, but the Group and the Company will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group and the Company plan to adopt the new standard on the required effective date without restating comparative information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date initial application in the opening retained earnings.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRS 15 Revenue from Contracts with Customers

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

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

The Group and the Company expect the following impact upon adoption of MFRS 15:

Variable consideration

Some contracts with customers provide a right to return, trade discounts or volume rebates. Currently, the Group and the Company recognise revenue from sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowance, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group and the Company defer revenue recognition until uncertainty resolved. Such provisions give rise to variable consideration under MFRS 15, and will be required to be estimated at contract inception. MFRS 15 requires the estimates variable consideration to be constrained to prevent over-recognition of revenue. The Group and the Company continue to assess individual contract to determine the estimated variable consideration and related constraint. The Group and the Company expect that application of the constraint may result in more revenue being deferred than is under the current MFRS.

Right of return

The Group and the Company currently recognise provision for the net margin arising from expected returns. Under MFRS 15, an entity estimates the transaction price and recognises revenue based on the amounts to which the entity expects to be entitled through the end of the return period, and recognises such amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. The Group and the Company expect to recognise a liability for the refund obligation and an asset for the right to recover the returned goods under MFRS 15.

The Group and the Company plan to adopt the new standard on the required effective date using the full retrospective approach. The Group and the Company are currently performing a detailed analysis under MFRS 15 to determine their election of the practical expedients and to quantify the transition adjustments on their financial statements.

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.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis Of Consolidation (Cont'd)

(iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(b) Functional And Foreign Currency

Functional currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Functional And Foreign Currency (Cont'd)

Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchanges differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

(c) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Freehold land has an unlimited useful life and therefore is not depreciated.

Leasehold building is depreciated over the estimated useful life of 50 years or over the remaining leasehold land tenure, whichever is shorter.

All other property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

	%
Freehold buildings	2
Motor vehicles	20
Furniture, fittings and equipment	20 - 33
Renovation	4

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold building is depreciated at a rate of 2% per annum. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is to be carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the disposal of an investment property are recognised in profit and loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(e) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

(f) Investment In Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment In Joint Venture (Cont'd)

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(g) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables*

  Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's and the Company's rights to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

**NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial Instruments (Cont'd)

(ii) Financial Liabilities

Financial liabilities are recognised in the statements of financial position when, and only when the Group and the Company have become a party to the contractual provision of the financial instrument.

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

- *Financial Liabilities at Fair Value Through Profit or Loss*

  Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges or a derivative that is a financial guarantee contract.

- *Other Financial Liabilities*

  Other financial liabilities are non-derivatives financial liabilities. Other liabilities are subsequently measured at amortised cost using the effective interest method.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Impairment

(i) Impairment Of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss) are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (Cont'd)

(i) Impairment Of Financial Assets (Cont'd)

An impairment loss in respect of held-to-maturity investments and loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Fair Value Measurement

The Group and the Company measure the marketable securities at fair value at the end of the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

(i) in the principal market for the assets or liability; or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Group and the Company determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. It comprises the cost of building automation equipment and parts and other direct cost in bringing the equipment to its present location.

Net realisable value is the estimate of the selling price less the estimated cost of selling expenses. Write down is made where necessary for damage, obsolete and slow-moving inventories.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Amount Owing From/To Contract Customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the actual costs incurred for work performed to-date in relation to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to contract customers.

(l) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(m) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Provisions For Liabilities (Cont'd)

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(n) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of guarantee. If the debtor fails to make payment relation to financial guarantee contracts when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation. As at the financial year-end date, the financial guarantees provided by the Company to banks are in connection with the banking facilities granted to subsidiary companies.

(o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(p) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
b. has an interest in the entity that gives it significant influence over the entity; or
c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Related Parties (Cont'd)

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

(q) Revenue Recognition

(i) Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's and the Company's activities. Revenue from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs of the goods can be estimated reliably and there is no continuing management involvement with the goods, net of returns and trade discounts.

(ii) Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on total costs incurred to date over the estimated total project costs.

(iii) Revenue from services rendered is recognised net of discounts as and when the services are performed.

(r) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(s) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Income Tax Expense (Cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(t) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(u) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress, until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Earnings Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(w) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(x) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenue.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed business losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed business losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Engineering Contracts

The Group recognises engineering contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and status of negotiation with the counterparties.

(f) Write Down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Freehold land RM	Freehold buildings RM	Leasehold building RM	Motor vehicles RM	Fittings and equipment RM	Renovation RM	Total RM
Cost/Valuation							
At 1 January 2016							
Cost	–	–	–	618,395	3,550,060	738,914	4,907,369
Valuation	9,100,000	4,867,798	10,146,227	–	–	–	24,114,025
	9,100,000	4,867,798	10,146,227	618,395	3,550,060	738,914	29,021,394
Additions	–	–	–	–	289,428	–	289,428
Written off	–	–	–	–	(64,336)	–	(64,336)
Revaluation surplus	761,800	442,402	5,835,507	–	-	–	7,039,709
Foreign currency differences	–	–	1,674,107	–	47,524	19,998	1,741,629
Reclassified to investment properties *(Note 6)*	–	–	(17,655,841)	–	–	–	(17,655,841)
At 31 December 2016							
Cost	–	–	–	618,395	3,822,676	758,912	5,199,983
Valuation	9,861,800	5,310,200	–	–	–	–	15,172,000
	9,861,800	5,310,200	–	618,395	3,822,676	758,912	20,371,983

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The details of property, plant and equipment are as follows: (Cont'd)

Group	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Fittings and equipment RM	Renovation RM	Total RM
Cost/Valuation						
At 1 January 2017						
Cost	–	–	618,395	3,822,676	758,912	5,199,983
Valuation	9,861,800	5,310,200	–	–	–	15,172,000
	9,861,800	5,310,200	618,395	3,822,676	758,912	20,371,983
Additions	–	–	–	168,810	83,400	252,210
Disposal	(4,248,686)	(2,730,405)	(539,743)	(37,475)	–	(7,556,309)
At 30 June 2018						
Cost	–	–	78,652	3,954,011	842,312	4,874,975
Valuation	5,613,114	2,579,795	8,192,909	–	–	–
	5,613,114	2,579,795	78,652	3,954,011	842,312	13,067,884

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The details of property, plant and equipment are as follows: (Cont'd)

Group	Freehold land RM	Freehold buildings RM	Leasehold building RM	Motor vehicles RM	Fittings and equipment RM	Renovation RM	Total RM
Accumulated depreciation							
At January 2016							
Cost	–	–	–	224,362	2,640,463	365,139	3,229,964
Valuation	–	1,323,484	590,610	–	–	–	1,914,094
	–	1,323,484	590,610	224,362	2,640,463	365,139	5,144,058
Charge for the year							
Cost	–	–	–	123,678	243,407	30,147	397,232
Valuation	–	97,356	224,645	–	–	–	322,001
	–	97,356	224,645	123,678	243,407	30,147	719,233
Elimination of accumulated depreciation	–	(1,420,840)	(898,577)	–	–	–	(2,319,417)
Written off	–	–	–	–	(40,746)	–	(40,746)
Foreign currency differences	–	–	83,322	–	41,805	9,169	134,296
At 31 December 2016							
Cost	–	–	–	348,040	2,884,929	404,455	3,637,424
Valuation	–	–	–	–	–	–	–
	–	–	–	348,040	2,884,929	404,455	3,637,424

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The details of property, plant and equipment are as follows: (Cont'd)

	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Fittings and equipment RM	Renovation RM	Total RM
Accumulated depreciation						
At 1 January 2017						
Cost	–	–	348,040	2,884,929	404,455	3,637,424
Valuation	–	–	–	–	–	–
	–	–	348,040	2,884,929	404,455	3,637,424
Charge for the year						
Cost	–	–	40,184	405,033	122,188	567,405
Valuation	–	175,663	–	–	–	175,663
Disposal	–	–	(353,133)	(19,992)	–	(373,125)
Foreign currency differences	–	–	–	–	(23,306)	(23,306)
At 30 June 2018						
Cost	–	–	35,091	3,269,970	503,337	3,808,398
Valuation	–	175,663	–	–	–	175,663
	–	175,663	35,091	3,269,970	503,337	3,984,061
Net carrying amount						
Foreign currency differences						
Cost	–	–	43,561	684,041	338,975	1,066,577
Valuation	5,613,114	2,404,132	–	–	–	8,017,246
	5,613,114	2,404,132	43,561	684,041	338,975	9,083,823
Accumulated depreciation						
Cost	–	–	270,355	937,747	354,457	1,562,559
Valuation	9,861,800	5,310,200	–	–	–	15,172,000
	9,861,800	5,310,200	270,355	937,747	354,457	16,734,559

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The freehold land and freehold buildings of the Group have been pledged to a licensed bank as securities for banking facilities granted to the Group.

(b) The entire net carrying amount of motor vehicles of the Group were purchased previously under the finance lease contracts.

(c) The freehold land and freehold buildings of the Group were revalued in November 2016 based on valuation carried out by independent professional valuers using the comparison method.

If these freehold land and freehold buildings were measured using the cost model, the net carrying amount would be as follows:

	Group	
	2018 **RM**	**2016** **RM**
Freehold land		
Cost	1,223,566	1,223,566
Freehold buildings		
Cost	4,603,266	4,603,266
Less: Accumulated depreciation	(1,243,082)	(1,151,017)
	3,360,184	3,452,249

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

6. INVESTMENT PROPERTIES

Group	**Freehold land RM**	**Freehold building RM**	**Leasehold buildings RM**	**Total RM**
Valuation				
At 1 January 2017/ 31 December 2016	290,000	121,600	18,035,592	18,447,192
Revaluation surplus/(defisit)	–	–	(1,849,023)	(1,849,023)
Reclassified from property, plant and equipment *(Note 5)*	–	–	–	–
At 30 June 2018	290,000	121,600	16,186,569	16,598,169
Accumulated depreciation				
At 1 January 2016	–	7,499	287,156	294,655
Charge for the period	–	9,101	7,595	16,696
At 31 December 2016	–	16,600	294,751	311,351
Charge for the period	–	3,448	4,997	8,445
	–	–	–	–
At 30 June 2018	–	20,048	297,748	319,796
Net carrying amount				
At 30 June 2018	290,000	101,552	15,886,521	16,278,373
At 31 December 2016	290,000	105,000	17,740,841	18,135,841

During the year, the Group revalued all the investment properties in November 2016 based on valuation carried out by independent professional valuers using the open market value basis.

If these investment properties were measured using the cost model, the net carrying amount would be as follows:

Group	**Freehold land RM**	**Freehold building RM**	**Leasehold buildings RM**	**Total RM**
2018				
Cost	245,909	121,600	5,146,910	5,514,419
Less: Accumulated depreciation	–	(15,677)	(84,278)	(99,956)
	245,909	105,923	5,062,632	5,414,463
2016				
Cost	245,909	121,600	5,146,910	5,514,419
Less: Accumulated depreciation	–	(9,931)	(572,158)	(582,089)
	245,909	111,669	4,574,752	4,932,330

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

7. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Development expenditure RM
Cost	
At 1 January 2017	161,403
Addition / Reclassification	5,688,597
At 30 June 2018	5,850,000

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2018 RM	2016 RM
Unquoted shares, at cost		
- In Malaysia	36,025,552	36,025,545
- Outside Malaysia	9,753,435	9,753,435
	45,778,987	45,778,980
Less: Accumulated impairment losses	(11,024,982)	(11,024,982)
Add: Provision of financial guarantees by the Company	329,434	329,434
	35,083,439	35,083,432
Movements on accumulated impairment losses:		
At 1 January	11,024,982	10,808,054
Addition	–	216,928
Reversal	–	–
At 30 June / 31 December	11,024,982	11,024,982

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2018 %	2016 %	Principal activities
Metronic Engineering Sdn. Bhd. ("MESB")	Malaysia	100	100	Procurement of contracts in relation to engineering work specialising in the field of intelligent building management system, integrated security management system, and sale of engineering equipment, e-project management of mechanical and electrical services, and supply of engineering system.
Metronic Integrated Sdn. Bhd. ("MISSB")	Malaysia	100	100	Currently dormant. Intended principal activities are maintenance of intelligent building management system and integrated security management system, dealing in fertiliser and intelligent healthcare instrument.
M One Country Development Sdn. Bhd. ("MOne")	Malaysia	100	100	Property development.
Metronic Gaharu Sdn. Bhd.	Malaysia	100	100	Currently dormant. Intended principal activities are research development, production and marketing of building automation and security system products, modules and related parts.
Metronic Microsystem (Beijing) Company Limited*	People's Republic of China	100	100	Dormant.
Metronic Vietnam Company Limited*	Vietnam	100	100	Currently dormant. Intended principal activities are design, production and sales of engineering systems for the information and communication technology industry, specialising in intelligent management security management system.
Anhui Lai'An Metronic Water Supply Company Limited*	People's Republic of China	100	100	Currently dormant. Intended principal activities are design, construction, production, operation, maintenance and sale of treated water.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of subsidiary companies	Country of incorporation	Effective equity interest 2018 %	Effective equity interest 2016 %	Principal activities
Metronic Engineering Private Limited ("MEPL")*	India	89	89	Design, production and sale of engineering systems for the information and communication technology industry, specialising in intelligent building management system and integrated security management system.
M Two Country Development Sdn. Bhd. ("MTwo")	Malaysia	100	100	Currently dormant. Intended principal activities are research, development, manufacturing, sale and distribution of electric products and intelligent facilities management system.
Ideal Ultimate Sdn. Bhd	Malaysia	58	58	Currently dormant. Intended activities are development and commercialisation of the Optical Fiber Perimeter Security System.
Bonanza Partners Sdn. Bhd.	Malaysia	70	100	Dormant

* Subsidiary companies not audited by Jamal, Amin & Partners and the financial statements of these subsidiary companies were consolidated based on the management accounts as the management is of the view that the financial position, results and cash flows of these subsidiary companies are insignificant.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

<u>Impairment loss recognised</u>

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

9. INVESTMENT IN JOINT VENTURE

	Company	
	2018 RM	**2016 RM**
Unquoted shares outside Malaysia, at cost		
At 1 January/31 December	220,850	220,850
Less : Accumulated impairment losses	(220,850)	–
	–	220,850

Name of company	**Country of incorporation**	**Effective equity interest 2018 %**	**Effective equity interest 2016 %**
Metronic Saudi Arabia Limited Liability Company	Kingdom of Saudi Arabia	50	50

This joint venture was set up with the intended principal activities in the design, production and sale of engineering systems for the information, communication and technology industry specialising in intelligent building management system and integrated security managements.

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entity is as follows:

	2018 RM	**2016 RM**
Assets and liabilities		
Current assets	–	–
Current liabilities	–	–
Statement of Profit or Loss and Other Comprehensive Income		
Revenue	–	–
Loss after taxation	–	(597,950)

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2018	**2016**
	RM	**RM**
Quoted shares in Malaysia, at cost		
At 1 January	12,728,103	8,247,636
Additions	5,966,021	8,200,467
Disposals	(10,252,466)	(3,720,000)
At 30 June /31 December	8,441,658	12,728,103
Accumulated impairment losses:		
At 1 January	6,000,426	1,589,215
Additions	–	4,411,211
Disposals	(5,093,206)	–
At 30 June /31 December	907,220	6,000,426
Net carrying value		
At 30 June /31 December	7,534,438	6,727,677
Market value of quoted shares	7,534,438	6,727,677
Unquoted shares outside Malaysia, at cost		
At 1 January	–	14,283,842
Disposals	–	(14,283,842)
At 30 June /31 December	–	–
Accumulated impairment losses:		
At 1 January	–	11,883,842
Additions	–	–
Disposals	–	(11,883,842)
At 30 June /31 December	–	–
Net carrying value		
At 30 June /31 December	–	–
Total available-for-sale financial assets	7,534,438	6,727,677

Investment in quoted shares of the Group and of the Company are designated as available-for-sale financial assets and are measured at fair value.

Investment in unquoted shares of the Group and of the Company are designated as available-for-sale financial assets but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to lack of marketability of the shares.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

11. DEFERRED TAX ASSETS

	Group	
	2018 RM	2016 RM
At 1 January 2017	3,153,629	7,257,642
Transfer from/(to) statements of profit or loss and other comprehensive income	1,017,140	(4,093,258)
Foreign currency translation differences	–	–
	4,170,769	3,164,384
Reclassified to assets classified as held for sale *(Note 20)*	(9,590)	(10,755)
At 30 June 2018	4,161,179	3,153,629

Deferred tax assets have been recognised in respect of the following items:

	Group	
	2018 RM	2016 RM
Excess of accumulated depreciation over corresponding capital allowances	40,367	(118,895)
Unutilised capital allowances	–	87,613
Unabsorbed business losses	4,120,812	3,184,911
	4,161,179	3,153,629

12. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM	Development expenditure RM	Total RM
Cost			
At 1 January 2016	–	–	–
Additions	9,861,011	4,127,915	13,988,926
At 31 December 2016 / 1 January 2017	9,861,011	4,127,915	13,988,926
Additions	–	3,473,906	3,473,906
Disposal	–	(789,237)	(789,237)
At 30 June 2018	9,861,011	6,812,584	16,673,595

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

13. INVENTORIES

	Group	
	2018 RM	2016 RM
At cost, net of impairment		
Building automation equipment and parts	2,460,201	2,541,694
Fertiliser	–	–
At net realisable value,		
Intelligent healthcare instrument	–	–
Trading	–	–
	2,460,201	2,541,694
Reclassified to assets classified as held for sale *(Note 19)*	(648,962)	(1,455,479)
	1,811,239	1,086,215

14. TRADE RECEIVABLES

	Group	
	2018 RM	2016 RM
Trade receivables	12,049,034	8,741,762
Receivables under progress billings	–	6,647,232
Retention sums on contracts *(Note 15)*	3,751,475	5,168,104
	15,800,509	20,557,098
Less: Accumulated impairment losses	(4,875,623)	(5,379,551)
	10,924,886	15,177,547
Reclassified to assets classified as held for sale *(Note 19)*	(1,040,771)	(2,334,220)
	9,884,115	12,843,327

The Group's normal trade credit terms granted to trade receivables ranged from 60 to 90 days (2016: 60 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
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14. TRADE RECEIVABLES (CONT'D)

Movements of the accumulated impairment losses (individually impaired):

	Group	
	2018	**2016**
	RM	**RM**
At 1 January	5,379,551	8,004,011
Additions	776,342	3,055,239
Written off	(489,262)	(383,725)
Reversals	–	(5,365,371)
Foreign currency differences	(791,008)	69,397
At 30 June / 31 December	4,875,623	5,379,551

15. AMOUNT OWING BY/(TO) CONTRACT CUSTOMERS

	Group	
	2018	**2016**
	RM	**RM**
Contract costs incurred to date	99,854,084	324,094,905
Add: Attributable profits	27,803,176	66,116,064
	127,657,260	390,210,969
Less: Progress billings received and receivable	(117,835,408)	(387,885,312)
	9,821,852	2,325,657
Represented by:		
Amount owing by/(to) contract customers	9,821,852	2,325,657
Retention sums on contracts, included within trade receivables *(Note 14)*	3,751,475	5,168,104
Contract costs recognised as cost of sales *(Note 29)*	16,734,202	24,165,639

NOTES TO THE FINANCIAL STATEMENTS
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16. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Other receivables	7,742,540	5,906,638	79,532	35,000
Less: Accumulated impairment losses	(1,552,814)	(927,598)	–	–
	6,189,726	4,979,040	79,532	35,000
Deposits	996,672	6,686,842	656,858	–
	7,186,398	11,665,882	736,390	35,000
Reclassified to assets classified as held for sale *(Note 20)*	(19,627)	(22,010)	–	–
	7,166,771	11,643,872	736,390	35,000

Included in deposits of the Group is an amount of RM550,000 (2016: RM6,400,000), being deposits to acquire one (1) plots of leasehold lands.

Movements of the accumulated impairment losses (individually impaired):

	Group	
	2018 RM	2016 RM
At 1 January	927,598	602,489
Additions	1,574,167	570,666
Reversals	(978,951)	(290,841)
Foreign currency differences	–	45,284
At 30 June /31 December	1,522,814	927,598

17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2018 RM	2016 RM
Amount owing by subsidiary companies - non-trade	27,932,676	18,169,115
Less: Accumulated impairment losses	(18,099,328)	(18,099,328)
	9,833,348	69,787
Amount owing by subsidiary companies - non-trade	(7,710,491)	(7,942,322)

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

17. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES (CONT'D)

The non-trade balances are unsecured, interest-free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	2018 **RM**	**2016** **RM**
At 1 January	18,099,328	30,936
Additions	–	18,068,392
Reversals	–	–
At 30 June / 31 December	18,099,328	18,099,328

18. FIXED DEPOSITS WITH LICENSED BANKS

Group

The fixed deposits with licensed banks and co-operative earn effective interest at rates ranging from 3.05% to 3.20% (2016: 3.60%) per annum.

19. ASSETS CLASSIFIED AS HELD FOR SALE

The results of MEPL, classified as assets held for sale are as follows:

	Group	
	2018 **RM**	**2016** **RM**
Revenue *(Note 28)*	–	1,935,569
Cost of sales *(Note 29)*	–	(255,943)
Other income	–	4,555
Expenses	(1,829,101)	(1,679,731)
Finance costs *(Note 30)*	–	(17,900)
Loss before taxation from assets held for sale	(1,829,101)	(13,450)
Income tax expense	–	–
Loss after taxation from assets held for sale	(1,829,101)	(13,450)

NOTES TO THE FINANCIAL STATEMENTS
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19. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

Included in assets classified as held for sale in the Consolidated Statement of Financial Position as at 30 June 2018 and 2016 are:

	Group	
	2018 RM	**2016 RM**
Property, plant and equipment	800	7,234
Deferred tax assets *(Note 11)*	9,590	10,755
Inventories *(Note 13)*	648,962	1,455,479
Trade receivables *(Note 14)*	1,040,771	2,334,220
Other receivables *(Note 16)*	19,627	22,010
Short term deposits	297,489	333,601
Cash and bank balances	254,582	409,387
Assets classified as held for sale	2,271,821	4,572,686
Trade payables *(Note 24)*	252,674	283,346
Other payables *(Note 25)*	790,714	860,651
Loans and borrowings	1,015,674	1,138,966
Foreign currency translation reserve	–	74,489
Liabilities associated with assets classified as held for sale	2,059,062	2,357,452

20. SHARE CAPITAL

	Group and Company			
	2018	**2016**	**2018**	**2016**
	Number of ordinary shares		**RM**	**RM**
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 January/31 December	NA	1,000,000,000	NA	100,000,000
Issued and fully paid:				
At 1 January	758,397,503	758,397,503	75,839,750	75,839,750
Issued during the year, at subscription price	204,339,625	–	14,037,774	–
At 30 June / 31 December	962,737,128	758,397,503	75,839,750	75,839,750

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

21. REVALUATION RESERVE

Group

The revaluation reserve represents the cumulative changes arising from the valuation of freehold land, freehold and leasehold buildings which are not distributable.

22. FOREIGN CURRENCY TRANSLATION RESERVE

Group

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange difference arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

23. FINANCE LEASE LIABILITIES

Group 2018	**Future instalments payable RM**	**Undue interest RM**	**Principal payable RM**
Shown under current liabilities			
Within 1 year	31,963	(1,698)	30,265
Shown under non-current liabilities			
Between 2 to 5 years	–	–	–
	31,963	(1,698)	30,265
2016			
Shown under current liabilities			
Within 1 year	126,648	(9,381)	117,267
Shown under non-current liabilities			
Between 2 to 5 years	151,121	(5,162)	145,959
	277,769	(14,543)	263,226

The finance lease liabilities of the Group bear interest at rates ranging from 2.68% to 3.65% (2016: 4.48% to 6.38%) per annum.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

24. TRADE PAYABLES

	Group	
	2018 RM	2016 RM
Trade payables	4,826,027	6,289,656
Reclassified to assets classified as held for sale *(Note 19)*	(252,674)	(283,346)
	4,573,353	6,006,310

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2016: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

25. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Other payables	13,946,031	6,497,482	5,815,135	990,478
Accruals	2,468,537	1,821,279	1,461,949	1,436,949
Deposits received	–	1,393,798	–	–
Provision for defect liabilities	4,011,239	4,063,299	–	–
	20,425,807	13,775,858	7,277,084	2,427,427
Reclassified to assets classified as held for sale *(Note 19)*	(790,714)	(860,651)	–	–
	19,635,093	12,915,207	7,277,084	2,427,427

26. AMOUNT OWING TO A DIRECTOR

This is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
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27. SHORT TERM BORROWINGS

	Group		Company	
	2018 **RM**	**2016** **RM**	**2018** **RM**	**2016** **RM**
Bank overdrafts	2,180,570	2,950,495	–	–
Bankers' acceptances	1,194,166	1,648,211	–	–
Share financing	1,947,796	608,730	1,947,796	608,730
	5,322,532	5,207,436	1,947,796	608,730

The above borrowings are denominated in RM, granted by licensed banks and are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group as disclosed in *Notes 5 and 18.*

The above borrowings bear effective interest rates ranging from 2.81% to 8.00% (2016: 2.81% to 8.00%) per annum.

28. REVENUE

	Group	
	2018 **RM**	**2016** **RM**
Contract work	29,663,357	38,204,381
Maintenance services	11,268,271	8,218,246
Sale of equipment	2,732,474	3,579,265
Sale of fertilisers	–	–
	43,664,102	50,001,892
Less: Revenue from assets classified as held for sale *(Note 19)*	–	(1,935,569)
Revenue from continuing operations	43,664,102	48,066,323

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

29. COST OF SALES

	Group 2018 RM	Group 2016 RM
Contract costs *(Note 15)*	16,734,202	24,165,639
Maintenance services	4,125,030	1,373,185
Cost of equipment sold	376,441	611,316
Cost of fertilisers	250,898	870,364
	21,486,571	27,020,504
Less: Cost of sales from assets classified as held for sale *(Note 19)*	–	(255,943)
Cost of sales from continuing operations	21,486,571	26,764,561

30. FINANCE COSTS

	Group 2018 RM	Group 2016 RM	Company 2018 RM	Company 2016 RM
Bank overdraft interest	364,265	215,553	–	–
Bankers' acceptances interest	167,127	139,175	–	–
Finance lease liabilities interest	8,886	14,737	–	–
Other interest expense	66,807	24,410	–	–
Share financing interest	236,857	137,940	236,857	137,940
	843,942	531,815	236,857	137,940
Less: Interest expenses for assets classified as held for sale *(Note 19)*	–	(17,900)	–	–
Finance costs from continuing operations	843,942	513,915	236,857	137,940

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

31. (LOSS)/PROFIT BEFORE TAXATION

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
(Loss)/profit before taxation is stated *after charging:*				
Auditors' remuneration				
Statutory audits:				
- current year's	202,370	129,743	90,000	45,000
- over provision in respect of prior year	–	(22,141)	–	(5,000)
Other services:				
- current year's	104,989	8,000	–	–
Bad debts written off	86,753	5,441,284	–	8,033
Depreciation of property, plant - and equipment	743,068	719,233	–	–
Depreciation of investment - properties	8,445	16,696	–	–
Loss on foreign exchange				
- realised	14,614	554	–	–
- unrealised	–	16	–	–
Impairment losses on:				
- amount owing by subsidiary companies	–	–	18,068,392	18,068,392
- investment in joint ventures	220,850	–	220,850	–
- trade receivables	776,342	3,055,239	–	–
- other receivables	1,152,207	570,666	–	–
Impairment losses on available-for-sale financial assets in:				
- quoted shares	905,750	4,411,211	905,750	4,411,211
Other investments written off	750,416	–	–	–
Property, plant and equipment written off	210,536	23,590	–	–
Provision for slow moving inventories	–	1,497,062	–	–
Rental expenses	128,380	535,892	18,000	12,240
Staff costs *(Note 33)*	14,335,541	10,155,490	1,638,108	419,685

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

31. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Gain on disposal of available-for-sale financial assets	555,272	–	555,272	–
Gain on disposal of property, plant and equipment	189,703	–	–	–
Gain on foreign exchange				
- realised	14,614	27,922	–	–
Interest income	245,068	111,499	107	68
Reversals of financial guarantee granted to a subsidiary company	–	–	–	61,769
Reversals of impairment losses on:				
- trade receivables	1,698,733	5,365,371	–	–
- other receivables	–	290,841	–	–
Waiver of debts	–	–	420,545	462,568

32. INCOME TAX EXPENSE

	Group	
	2018 RM	2016 RM
Malaysian income tax:		
- current year's provision	69,593	19,853
- under provision in respect of prior year	–	–
Deferred tax:		
- relating to origination and reversal of temporary differences	(1,007,550)	4,104,013
- over provision in respect of prior year	–	–
	(937,957)	4,123,866

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There were no tax for the foreign subsidiary companies in China, India and Vietnam as they were in a tax loss position for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

32. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
(Loss)/profit before taxation from continuing operations	(3,368,082)	(871,301)	(4,747,580)	(24,169,998)
Income tax expense at Malaysian statutory tax rate of 24% (2016: 24%)	(808,340)	(209,112)	(1,139,419)	(5,800,800)
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	2,410,274	1,102,664	1,253,376	6,049,752
- income not subject to tax	(414,611)	(1,818,923)	(414,611)	(248,952)
- deferred tax assets not recognised during the year	–	4,762,091	300,654	–
- effect in changes of tax rate	–	287,146	–	–
- temporary differences not recognised	(1,117,730)	–	–	–
	877,933	4,332,978	1,139,419	5,800,800
• Under provision of taxation in respect of prior year	–	–	–	–
• Over provision of deferred tax assets in respect of prior year	(1,007,550)	–	–	–
	(937,957)	4,123,866	–	–

The amount of temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2018 RM	2016 RM
Excess of accumulated depreciation over corresponding capital allowances	(18,648)	(3,206)
Unutilised capital allowances	–	13,808
Unabsorbed business losses	17,170,052	21,517,465
	17,151,404	21,528,067

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

33. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Salaries and wages	10,060,661	7,491,014	474,689	223,548
Defined contribution plan	1,403,522	1,037,212	100,136	32,232
Other employee benefit expenses	2,871,358	1,627,264	1,063,283	163,905
	14,335,541	10,155,490	1,638,108	419,685

Included in staff costs are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Directors' remuneration				
- fees	185,000	108,290	185,000	108,290
- other emoluments - ESOS	685,698	136,429	685,698	–
	870,698	244,719	870,698	108,290

NOTES TO THE FINANCIAL STATEMENTS
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34. (LOSS)/EARNINGS PER SHARE

Basic loss per share

The basic loss per ordinary share as at 30 June 2018 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2018 **RM**	**2016** **RM**
Loss attributable to owners of the Company (RM)	(2,448,125)	(4,995,167)
Loss from assets held for sale (RM)	(1,829,101)	(13,450)
(Less)/add: Non-controlling interests share of results (RM)	(18,470)	3,648
	(1,847,571)	(9,802)
Loss attributable to owners of the Company (RM)	(4,295,696)	(5,004,969)
Weighted average number of ordinary shares issued as at 30 June / 31 December	904,962,209	758,397,503
Basic/diluted loss per share (sen)		
- from continuing operations	(0.27)	(0.66)
- from assets classified as held for sale	(0.20)	* –
	(0.47)	(0.66)

* negligible

Diluted loss per share

The diluted loss per share is same as per the basic (loss)/earnings per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
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35. OPERATING SEGMENTS

For management purpose, the Group segment reporting format is determined to be geographical as the Group's risks and rates of return are affected predominantly by the location of where revenue is generated. The Group's geographical segments are divided into two categories.

(i) Malaysia

The operations in this area are system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment, and marketing and distribution of intelligent healthcare and fertilisers.

(ii) Overseas

The Group has subsidiaries companies and branch in Vietnam, India, People's Republic of China and United Arab Emirates. The companies were previously involved in the system integration specialising in the field of intelligent building management system and integrated security management system and supply of engineering systems and equipment. However all overseas operations have ceased operation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
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(CONT'D)

35. OPERATING SEGMENTS (CONT'D)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Group					
2018					
Revenue					
Continuing operations					
Sales to external customers		43,664,102	–	–	43,664,102
Inter-segment revenue		–	–	–	–
Total revenue		43,664,102	–	–	43,664,102
Assets held for sale					
Sales to external customers		–	–	–	–
Inter-segment revenue		–	–	–	–
Total revenue		–	–	–	–
Group revenue	A				43,664,102
Results					
Segment results	D	1,264,242	(2,071,020)	(1,829,101)	(2,635,878)
Finance costs		(843,942)	–	–	(843,942)
(Loss)/profit before taxation					
- Continuing operations		420,300	(2,071,020)	(1,829,101)	(3,479,820)
- Assets classified as held for sale		–	202,383	–	202,383
Income tax expense		(937,957)	–	–	(937,957)
(Loss)/profit after taxation		(517,657)	(1,868,637)	(1,829,101)	(4,215,394)
Assets					
Segment assets	B	86,247,745	18,681,384	(2,271,821)	102,657,308
Liabilities					
Segment liabilities	C	25,754,634	7,794,651	(2,059,062)	31,490,223
Other segment information					
Depreciation of property, plant and equipment		658,424	93,120	(8,476)	743,068
Depreciation of investment properties		8,445	–	–	8,445
Provision for slow moving inventories		–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Group					
2016					
Revenue					
Continuing operations					
Sales to external customers		48,066,323	–	–	48,066,323
Inter-segment revenue		–	–	–	–
Total revenue		48,066,323	–	–	48,066,323
Assets held for sale					
Sales to external customers		–	1,935,569	–	1,935,569
Inter-segment revenue		–	–	–	–
Total revenue		–	1,935,569	–	1,935,569
Group revenue	A				50,001,892
Results					
Segment results	D	(25,367,776)	1,693,233	23,317,157	(357,386)
Finance costs		(513,915)	(17,900)	17,900	(513,915)
(Loss)/profit before taxation					
- Continuing operations		(25,881,691)	1,675,333	23,335,057	(871,301)
- Assets classified as held for sale		–	(13,450)	–	(13,450)
Income tax expense		(4,123,866)	–	–	(4,123,866)
(Loss)/profit after taxation		(30,005,557)	1,661,883	23,335,057	(5,008,617)
Assets					
Segment assets	B	118,539,971	22,879,963	(46,260,192)	95,159,742
Liabilities					
Segment liabilities	C	57,497,894	8,992,922	(33,656,975)	32,833,841
Other segment information					
Capital expenditure		289,428	–	–	289,428
Depreciation of property, plant and equipment		488,488	236,579	(5,834)	719,233
Depreciation of investment properties		16,696	–	–	16,696
Provision for slow moving inventories		1,497,062	–	–	1,497,062

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

The Group, based on the original composition comprises three main business segments as follows:

(i) Engineering - system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment.

(ii) Marketing and distribution of intelligent healthcare and fertilisers.

(iii) Investment holding.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segment.

	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Group						
2018						
Revenue						
Continuing operations						
Sales to external customers		43,664,102	–	–	–	43,664,102
Inter-segment revenue		–	–	–	–	–
Total revenue		43,664,102	–	–	–	43,664,102
Assets held for sale						
Sales to external customers		–	–	–	–	–
Inter-segment revenue		–	–	–	–	–
Total revenue		–	–	–	–	–
Group revenue	A					43,664,102
Results						
Segment results	D	(806,776)	–	–	(1,829,101)	(2,635,877)
Finance costs		(843,942)	–	–	–	(843,942)
Profit/(loss) before taxation						
- Continuing operations		(1,650,718)	–	–	(1,829,101)	(3,479,819)
- Assets classified as held for sale		202,383	–	–	–	202,383
Income tax expense		(937,957)	–	–	–	(937,957)
Loss after taxation		(2,386,292)	–	–	(1,829,101)	(4,215,393)
Assets						
Segment assets	B	102,869,109	–	–	–	102,869,109
Liabilities						
Segment liabilities	C	31,487,223	–	–	–	31,487,223
Other segment information						
Depreciation of property, plant and equipment		743,068	–	–	–	743,068
Depreciation of investment properties		8,445	–	–	–	8,445
Provision for slow moving inventories		1,497,042	–	–	–	1,497,042

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

35. OPERATING SEGMENTS (CONT'D)

	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Group						
2016						
Revenue						
Continuing operations						
Sales to external customers		48,503,911	(437,588)	–	–	48,066,323
Inter-segment revenue		–	–	–	–	–
Total revenue		48,503,911	(437,588)	–	–	48,066,323
Assets held for sale						
Sales to external customers		1,935,569	–	–	–	1,935,569
Inter-segment revenue		–	–	–	–	–
Total revenue		1,935,569	–	–	–	1,935,569
Group revenue	A					50,001,892
Results						
Segment results	D	1,350,895	(3,030,705)	(21,994,733)	23,317,157	(357,386)
Finance costs		(393,875)	–	(137,940)	17,900	(513,915)
Profit/(loss) before taxation						
- Continuing operations		957,020	(3,030,705)	(22,132,673)	23,335,057	(871,301)
- Assets classified as held for sale		(13,450)	–	–	–	(13,450)
Income tax expense		(4,044,853)	(79,013)	–	–	(4,123,866)
Loss after taxation		(3,101,283)	(3,109,718)	(22,132,673)	23,335,057	(5,008,617)
Assets						
Segment assets	B	59,957,234	253,948	81,208,752	(46,260,192)	95,159,742
Liabilities						
Segment liabilities	C	19,390,465	3,443,091	43,657,260	(33,656,975)	32,833,841
Other segment information						
Capital expenditure		286,428	3,000	–	–	289,428
Depreciation of property, plant and equipment		660,278	64,789	–	(5,834)	719,233
Depreciation of investment properties		16,696	–	–	–	16,696
Provision for slow moving inventories		198,250	–	–	–	198,250

The Group's revenue is derived from numerous customers and there is no one major customer that contributes significantly to the revenue during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

35. OPERATING SEGMENTS (CONT'D)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment assets are eliminated on consolidation.

C Inter-segment liabilities are eliminated on consolidation.

D The adjustments relate to classification of assets classified as held for sale.

36. RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Group has controlling related party relationships with its subsidiary companies;

(ii) The directors of the Company who are the key management personnel; and

(iii) A company where one of the directors is connected to a director of the Company.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year:

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Salaries paid to a person connected to a director of the Company	–	240,000	–	–
Purchase of property, plant and equipment from a company in which one of the directors is connected to a director of the Company	–	–	–	–
Purchases returned to a company in which one of the directors is connected to a director of the Company	–	870,364	–	–
Rental of premises paid to a subsidiary company	–	–	12,000	12,000
Rental of storage paid to a company in which one of the directors is connected to a director of the Company	–	360,000	–	–
Sale of paintings to a company in in which one of the directors is connected to a director of the Company	–	142,591	–	–
Transport charges paid to a company in which one of the directors is connected to a director of the Company	–	38,576	–	–

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

36. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year: (Cont'd)

Key management compensation

	Group		Company	
	2018 RM	**2016 RM**	**2018 RM**	**2016 RM**
Key management personnel compensation:				
Short term employee benefits	–	244,719	–	108,290

37. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

a. Financial Risk Management Policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(a) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(a) Foreign Currency Risk (Cont'd)

The net unhedged financial assets/(liabilities) of the Group and of the Company not denominated in RM were as follows:-

Group 2018	Arab Emirates Dirham (AED) RM	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets				
Trade receivables	–	–	63,953	2,427,427
Other receivables and deposits	1,500,679	305,374	3,680	1,809,732
Cash and bank balances	–	2,143	44,040	46,183
	1,500,679	307,517	111,673	1,919,869
Financial Liabilities				
Trade payables	242,910	–	3,757	246,667
Other payables and accruals	–	5,959,543	9,802	5,969,345
Short term borrowings	–	–	35,457	35,457
	242,910	5,959,543	49,016	6,251,469
Net currency exposure	1,257,769	(5,652,026)	62,657	(4,331,600)

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(a) Foreign Currency Risk (Cont'd)

The net unhedged financial assets/(liabilities) of the Group and of the Company not denominated in RM were as follows:- (Cont'd)

Group 2016	Arab Emirates Dirham (AED) RM	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets				
Trade receivables	–	–	71,583	71,583
Other receivables and deposits	89,161	323,145	4,119	416,425
Cash and bank balances	–	2,268	–	2,268
	89,161	325,413	75,702	490,276
Financial Liabilities				
Trade payables	269,845	–	4,205	274,050
Other payables and accruals	–	666,066	49,295	715,361
Short term borrowings	–	–	39,687	39,687
	269,845	666,066	93,187	1,029,098
Net currency exposure	(180,684)	(340,653)	(17,485)	(538,822)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(a) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	2018 RM Increase/ (Decrease)	**2016 RM Increase/ (Decrease)**
Effects on profit after tax/equity		
Strengthened by 10%		
- AED	(125,777)	(13,732)
- RMB	565,203	(481,890)
- SAR	–	–
- VND	(6,266)	(1,329)
Weakened by 10%		
- AED	125,777	13,732
- RMB	(565,203)	481,890
- SAR	–	–
- VND	6,266	1,329

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposures to interest rate risk arise mainly from interest bearing borrowings. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(b) *Interest Rate Risk* (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	Group	
	2018 RM Increase/ (Decrease)	**2016 RM Increase/ (Decrease)**
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	(125,777)	(29,441)
Decrease of 100 bp	125,777	29,441

(c) *Equity Price Risk*

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Securities. These instruments are classified as available-for-sale financial assets. The Group and the Company do not have exposures to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM 753,447 (2016: RM672,768). A 10% decrease in market price would have had equal but opposite effect on equity.

(ii) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposures to credit risk arise mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and other receivables as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Credit Risk Concentration Profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Ageing Analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:-

	Group	
	2018 RM	**2016 RM**
Not past due	1,571,429	1,178,772
Past due but not impaired:		
- less than 3 months	757,091	2,050,725
- 3 to 6 months	1,655,291	3,331,688
- more than 6 months	3,189,600	3,448,258
	5,601,982	8,830,671
Retention sums	3,751,475	5,168,104
Impaired	4,875,623	5,379,551
	17,300,008	20,557,098

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 6 months, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group 2018	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Trade payables	–	4,573,353	4,573,353	4,573,353	–	–
Other payables and accruals	–	19,831,847	19,831,847	19,831,847	–	–
Finance lease liabilities	2.68 - 3.65	30,265	30,265	30,265	–	–
Short term borrowings	2.81 - 8.00	5,322,532	5,322,532	5,322,532	–	–
		29,757,997	29,757,997	29,757,997	–	–

Group 2016	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Trade payables	–	6,006,310	6,006,310	6,006,310	–	–
Other payables and accruals	–	12,915,207	12,915,207	12,915,207	–	–
Amount owing to a director	–	6,064,230	6,064,230	6,064,230	–	–
Finance lease liabilities	2.68 - 3.65	263,226	277,769	126,648	116,545	34,576
Short term borrowings	2.81 - 8.00	5,207,436	5,207,436	5,207,436	–	–
		30,456,409	30,470,952	30,319,831	116,545	34,576

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity and Cash Flow Risks (Cont'd)

Company 2018	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
Other payables and accruals	–	7,277,084	7,277,084	7,277,084
Amount owing to subsidiary companies	–	7,710,491	7,710,491	7,710,491
Short term borrowings	2.81 - 8.00	1,947,796	1,947,796	1,947,796
		16,935,371	16,935,371	16,935,371
2016	**%**	**RM**	**RM**	**RM**
Other payables and accruals	–	7,291,657	7,291,657	7,291,657
Amount owing to subsidiary companies	–	7,942,322	7,942,322	7,942,322
Amount owing to a directors	–	4,864,230	4,864,230	4,864,230
Short term borrowings	2.81 - 8.00	608,730	608,730	608,730
		20,706,939	20,706,939	20,706,939

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as finance lease liabilities, trade and other payables, accruals, amount owing to a director and short term borrowings less fixed deposits and cash and bank balances. Net debt for the Company is calculated as other payables and accruals plus amount owing to subsidiary companies and short term borrowings less fixed deposits and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Trade payables	4,573,353	6,006,310	–	–
Other payables and accruals	19,831,847	12,915,207	7,277,084	2,427,427
Amount owing to subsidiary companies	–	–	7,710,491	7,942,322
Amount owing to a director	–	6,064,230	–	4,864,230
Finance lease liabilities	30,265	263,226	–	–
Short term borrowings	5,322,532	5,207,436	1,947,796	608,730
	29,757,997	30,456,409	16,935,371	15,842,709
Less: Fixed deposits	(11,717,682)	(2,944,130)	–	–
Cash and bank balances	(516,957)	(797,436)	(23,099)	(5,407)
Net debt	17,523,358	26,714,843	16,912,272	15,837,302
Total equity	70,972,068	62,325,901	36,297,497	26,321,606
Debt-to-equity ratio	0.25	0.43	0.47	0.40

There were no changes in the Group's and the Company's approaches to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	Group		Company	
	2018 RM	2016 RM	2018 RM	2016 RM
Financial Assets				
Available-for-sale financial assets	7,534,438	6,727,677	7,534,438	6,727,677
Loans And Receivables				
Trade receivables	9,884,115	12,843,327	–	–
Other receivables and deposits	7,166,771	11,643,872	736,391	35,000
Amount owing by subsidiary companies	–	–	9,833,340	69,787
Fixed deposits with licensed banks	11,717,682	2,944,130	–	–
Cash and bank balances	516,957	797,436	23,099	5,407
	29,285,525	28,228,765	10,592,830	110,194
Financial Liabilities				
Other Financial Liabilities				
Trade payables	4,573,353	6,006,310	–	–
Other payables and accruals	19,831,847	12,915,207	7,277,084	2,427,427
Amount owing to subsidiary companies	–	–	7,710,491	7,942,322
Amount owing to a director	–	6,064,230	–	4,864,230
Finance lease liabilities	30,265	263,226	–	–
Short term borrowings	5,322,532	5,207,436	1,947,796	608,730
	29,757,997	30,456,409	16,935,371	15,842,709

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

(i) Quoted shares in available-for-sale financial assets

Quoted shares in available-for-sale financial assets are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in available-for-sale financial assets

It was not practicable to estimate the fair value of investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

37. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values of Financial Instruments (Cont'd)

(iii) Non-current portion of finance lease liabilities

	Group Carrying amount RM	Fair value RM
2018		
Financial liabilities		
Finance lease liabilities (non-current portion)	–	–
2016		
Financial liabilities		
Finance lease liabilities (non-current portion)	145,959	133,334

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 30 June 2018 are as follows:

(i) Level 1 : fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2 : fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3 : fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company	
	2018 RM	2016 RM
Level 1		
Quoted shares	7,534,478	6,727,677

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

38. CONTINGENT LIABILITIES

	Group		Company	
	2018 RM	**2016 RM**	**2018 RM**	**2016 RM**
(a) Corporate Guarantees				
(i) Secured:				
Performance and financial guarantees issued by the licensed banks to third parties	4,576,702	6,209,206	–	–
(ii) Unsecured:				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	35,800,000	–	35,800,000	50,500,000
Corporate guarantees given to performance for project granted to subsidiary companies	–	–	43,042,826	43,042,826

The above bank guarantees and letters of credit are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group.

(b) During the year, the Group was sued by a third party fertiliser company ("Plaintiff") for infringement of rights for the used of the brand name where the Plaintiff had claimed for damages of RM2,119,330 against the Group. The directors have assessed the on-going suit and have provided RM800,000 as potential loss.

39. CAPITAL COMMITMENTS

	Group	
	2018 RM	**2016 RM**
Approved and contracted but not provided for - leasehold land	–	1,400,000

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act, 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial adoption are:-

i. Removal of the authorised share capital;

ii. Ordinary shares will cease to have par or nominal value; and

iii. Share premium account and capital redemption reserve will become part of the share capital.

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Group and of the Company for the financial period ending 30 June 2018.

a. On 12 January 2017, the Company announced that the aggregate value of securities disposed by the Company from 1 April 2016 to 10 January 2017 amounted to RM3,200,444 which represents 5.60% of the Group's audited net assets as at 31 December 2015.

b. On 22 February 2017, the Company announced that the Company had entered into Memorandum of Understanding with World Housing Mering (M) Sdn Bhd to approach the future business in solar photovoltaic plant.

c. On 10 March 2017, the Company announced the proposal to undertake a private placement of new ordinary shares in the Company of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) to third party investor(s) to be identified later and at issue price to be determined later.

d. On 17 March 2017, the Company announced that Bursa Securities had approved the listing and quotation of up to 75,839,750 new ordinary shares of the Company to be issued pursuant to the Proposed Private Placement.

e. On 13 March 2017, the Company announced that the final copy of the By-Laws of the ESOS has been submitted to Bursa Securities on 13 March 2017. Accordingly, the effective date of implementation of the ESOS shall be on 13 March 2017.

f. On 22 March 2017, the Company announced that its wholly owned subsidiary company, M One Country Development Sdn Bhd ("MOSB") and Northern Paradise Sdn Bhd ("NPSB") have mutually agreed to terminate the joint venture through the execution of an Agreement to Terminate Joint Venture Agreement dated on 17 March 2017.

g. On 27 March 2017, the Company announced that MOSB had on 20 March 2017 entered into four (4) sale and purchase agreements ("SPA") with NPSB for the proposed acquisition of four (4) plots of leasehold lands (Pajakan 99 tahun) held under the following titles:-

    i. H.S.(M) 555 No. PT 37962 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;

    ii. H.S.(M) 556 No. PT 37963 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2018 (CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

g. On 27 March 2017, the Company announced that MOSB had on 20 March 2017 entered into four (4) sale and purchase agreements ("SPA") with NPSB for the proposed acquisition of four (4) plots of leasehold lands (Pajakan 99 tahun) held under the following titles:- (Cont'd)

   iii. H.S.(M) 557 No. PT 37964 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 627.5395 square metres in area; and

   iv. H.S.(M) 558 No. PT 37965 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 594.7458 square metres in area;

   for an aggregate cash consideration of RM7,800,000.

h. On 18 April 2017, the Company announced to clarify that its wholly-owned subsidiary, M One Country Development Sdn Bhd ("MOCD") had on 20 March 2017 entered into three (3) sale and purchase agreements with Northern Paradise Sdn Bhd (Company No. 454462-T) ("NPSB") for the proposed acquisition of three (3) plots of lands erected on all the piece of leasehold lands (Pajakan 99 tahun) held under the following titles, instead of four (4) sale and purchase agreements as announced on 27 March 2017 and 29 March 2017. The three (3) plots of lands are as follows:-

   i. H.S.(M) 555 No. PT 37962 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;

   ii. H.S.(M) 556 No. PT 37963 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 520.24 square metres in area;

   iii. H.S.(M) 557 No. PT 37964 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 627.5395 square metres in area; and

   The total purchase consideration for the three (3) plots of lands was RM5,850,000 and the acquisition has been completed.

   The Company also announced that MOCD on 14 April 2017 entered into sale and purchase ("SPA") with NPSB for the proposed acquisition of one (1) plot of land erected on the piece of leasehold land (Pajakan 99 tahun) held under title H.S.(M) 558 No. PT 37965 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 594.7458 square metres in area for an aggregate cash consideration of RM1,950,000.00.

i. On 19 April 2017, the Company announced that the Board has on this date fixed the issue price for the placement of 67,200,000 Placement Shares at RM0.07 per Placement Share ("**Issue Price**"). The Issue Price represents a discount of approximately 4.50% to the 5-day VWAP of Metronic Shares up to and including 18 April 2017 of RM0.0733, being the last market day immediately preceding the Price-fixing Date.

j. On 28 April 2017, the Company announced that the first tranche of the Private Placement has been completed following the listing and quotation of 67,200,000 Placement Shares on the Main Market of Bursa Securities on 28 April 2017.

k. On 28 April 2017, the Company announced that it has offered a total of 123,839,625 new shares under Employees Share Option Scheme ("ESOS") at the option price of RM0.07 to eligible employees of the Company in accordance with the By-Laws of the ESOS.

l. On 8 May 2017, the Company announced that the Company would not be seeking any further extension for the MOU dated 17 February 2017 executed between the Company and World Housing Mering (M) Sdn Bhd to approach the future business in solar photovoltaic plant, which was expiring on 16 May 2017.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

m. On 19 May 2017, the Company announced that, following the engagement with Bursa Malaysia appointed Ferrier Hodgson MH Sdn Bhd on 2 May 2017 as a special auditor to conduct a thorough review on the six (6) identified areas.

n. On, 14 June 2017, the Company announced that the Board has resolved not to place out the remaining balance 8,639,750 shares available for placement under the Private Placement exercise and regarded that the Private Placement is deemed completed.

o. On 15 June 2017, the Company announced on the following proposals to be undertaken:-

   i. proposed consolidation of every three (3) ordinary shares in Metronic ("Metronic Shares" or "Shares") into one (1) Metronic Share ("Proposed Share Consolidation"); and

   ii. proposed renounceable rights issue of up to 645,342,048 new Metronic Shares ("Rights Shares") together with up to 484,006,536 free detachable warrants in Metronic ("Warrants") on the basis of four (4) Rights Shares together with three (3) free Warrants for every two (2) existing Metronic Shares held by the entitled shareholders on an entitlement date to be determined ("Proposed Rights Issue with Warrants").

p. On 20 September 2017, the Company's announced that the special audit has completed and the appointed auditor, Messrs. Ferrier Hodgson MH Sdn Bhd has submitted their findings to the BOD. Given that these irregularities took place in the past and appropriate provisions of the same were sufficiently made in the previous audited accounts, the BOD is of the opinion that the aforementioned matters have no financial or operational impact on the Company. The Company would amongst others, intends to take appropriate measures and/or steps to safeguard its assets and interests among others to seek legal advice in relation to the material findings, lodge police reports and other relevant authorities; and review the current internal control process to ensure that similar transactions will not recur.

q. On 10 October 2017, in pursuant to Paragraph 9.20 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Company announced that the aggregate value of securities disposed by Metronic from 11 January 2017 to 10 October 2017 amounted to RM3,547,216 which represents 5.70% of Metronic Group's audited net assets as at 31 December 2016.

r. On 28 November 2017, the Company together with its wholly owned subsidiaries, Metronic Integrated System Sdn Bhd ("MISSB") and M One Country Development Sdn Bhd ("M One") ("Plaintiffs") had through the solicitors, Messrs Lim, Chong, Phang & Amy, filed a Suit against Mr. Tan Ew Chew ("D1"), Tan Kian Hong ("D2"), Tan Hong Hong ("D3"), Tan Lian Hong ("D4"), Eric Boon Chuan Kit ("D5"), Northern Paradise Sdn Bhd ("D6") and CHJ Distribution Sdn Bhd ("D7") ("the Defendants") for, amongst others, the following relief:-

   i. Special damages of RM1,680,300-00 arising from the transactions between MISSB and D7;

   ii. Special damages of RM3,169,151-51 arising from the transactions between M One and D6;

   iii. General damages;

   iv. Declaration that D1, D2 and D5 had breached their duties owing to the Plaintiffs;

   v. Declaration that D1, D2 and D5 had committed fraud and/or breach of trust;

   vi. Declaration that the defendants had caused wrongful loss to the Plaintiffs and had offended section 317A of the Capital Markets and Services Act 2007 ("CMSA"); and

   vii. Declaration for breach of Main Market Listing Requirements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

s. On 30 November 2017, the Company announced that the Company's Board of Directors has approved the change of financial year end of the Company from 31 December to 31 March. The next audited financial statements of the Company shall be for a period of fifteen (15) months from 1 January 2017 to 31 March 2018 and thereafter, the financial year end shall be 31 March for each subsequent year.

t. On 30 November 2017, the Company announced that its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB") on 30 November 2017 entered into a Sale and Purchase Agreement with Dynamic Pile Testing Sdn Bhd ("DPTSB") for the proposed sale of its 3 storey semi-detached office cum factory for a total cash consideration of Ringgit Malaysia Six Million and Sixty Thousand (RM6,060,000.00) only.

u. On 15 December 2017, the Company announced that it had entered into a Collaboration Agreement with MB Longji Holdings Sdn Bhd MBLH whereby based on the Collaboration Agreement, the parties have agreed to collaborate with each other for purposes of bringing in investors to invest in and to purchase land within the Halal Industrial Park covering approximately 50 acres of land known as Metronic Global Halal Industrial Hub ("Halal Hub") situated in Suining, Sichuan Province, the Peoples' Republic of China.

v. On 11 January 2018, the Company announced that it had offered a total of 16,900,000 shares under Employees Share Option Scheme ("ESOS") which was approved by the shareholders of Metronic at the Extraordinary General Meeting held on 15 December 2016 at the option price of RM0.05 to eligible employees of Metronic in accordance with the By-Laws of the ESOS.

w. On 24 January 2018 the Company announced that it had offered additional 1,600,000 shares under Employees Share Option Scheme ("ESOS") at the option price of RM0.05 to eligible employee of Metronic in accordance with the By-Laws of the ESOS.

x. On 29 March 2018, the Company announced that its wholly owned subsidiary, MESB, had received and accepted the Letter of Award (LOA) from Mass Rapid Transit Corporation Sdn Bhd for the appointment of MESB as the primary contractor for the Design, Supply, Installation, Testing and Commissioning of Building Management System For Underground Works of Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya ("SSP") for the total contract sum of approximately RM50 million only (the "Contract"). The Contract commenced in March 2018 and shall be completed by July 2021.

y. On 2 April 18, the Company announced the completion of the disposal of 3 storey semi-detached office cum factory title no GRN 332748, Lot No 64260 Mukim of Damansara, District of Petaling, Selangor by its wholly owned subsidiary, Metronic Engineering Sdn Bhd to Dynamic Pile Testing Sdn Bhd in pursuant to the Sale and Purchase Agreement dated 30 November 2017.

z. On 12 June 2018, the Company announced that its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), on 30 November 2017, has commenced an Adjudication proceeding under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Ahmad Zaki Resources Berhad ("AZRB") for a claim amounting to SAR4,757,608.53 and interest at Five percent (5%) per annum and fees incurred in pursuant to the adjudication proceeding. The Claim is in relation to disputes over non-payment for works done and costs incurred by MESB for Al Faisal University Campus Development Project, Riyadh, Kingdom of Saudi Arabia.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2018
(CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

The Adjudicator, who was appointed on 17 January 2018, in his adjudication decision 7 June 2018 has determined for the Respondent, AZRB, to pay the Claimant, MESB, within 30 days the following:

(i) the sum of SAR4,733,587.59;

(ii) Five percent (5%) per annum of interest on SAR4,155,881.67 (Balance Amount in Progress Claim 22) from 14 July 2011 until full settlement;

(iii) Five percent (5%) of interest on SAR577,706.01 (Balance amount in Payment Certificate No. 19) from 30 November 2009 until full settlement;

(iv) all Kuala Lumpur Regional Center for Arbitration ("KLRCA") fees incurred by MESB pursuant to this adjudication including 6% GST charges and permissible disbursements and;

(v) party to party costs of RM60,000.

On 28 June 2018, AZRB served an Originating Summons on MESB for a stay of execution pending the application to set aside the Adjudication Decision. On 18 July 2018, MESB filed and served an Originating Summons on AZRB to seek leave to enforce the Adjudication Decision in High Court. The High court has fixed the hearing date on 8 November 2018.

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

a. On 5 July 2018, the Company announced that Messrs. Siew Boon Yeong & Associates ("SBY") had on 4 July 2018 ("Notice Date"), given notice in writing to the Board of their intention to resign as Auditors of the Company.

b. On, 18 July 2018, the Company announced that Bursa Securities had, vide its letter dated 18 July 2018, approved its application to undertake among others the proposed Share Consolidation and Rights Issue Exercise as announced on 15 June 2017, subject to fulfilment of the conditions stipulated in the letter.

c. On 24 July 2018, the Company announced that it had entered into a Consent Judgment on 23 July 2018 with Tan Ew Chew ("D1"), Tan Kian Hong ("D2"), Tan Hong Hong ("D3"), Tan Lian Hong ("D4"), Northern Paradise Sdn Bhd ("D6") and CHJ Distribution Sdn Bhd ("D7") in pursuant to the suit initiated on 28 November 2017. The Consent Judgement containing the following salient terms:-

    i. 1st, 6th and 7th Defendants to secure an entity to purchase from M One Country Development Sdn Bhd's ("M One") lands held under title PT 37963 and PT 37964 for RM1.6 million within 9 months from the date of the Consent Judgment;

    ii. M One to transfer its land held under title PT 37962 to 1st, 6th or 7th Defendants;

    iii. 2nd Defendant has no claim of RM5,314,230.00 against the Company, which is allegedly his advance to the Company; and

d. On 7 August 2018, the Company announced that in pursuant to resignation of auditors as announced on 5 July 208, Messrs Jamal, Amin & Partners, Chartered Accountants, having consented to act as the Auditors of the Company and Group with effect from 7 August 2018.

e. On 8 August 2018, the Company announced that its wholly-owned subsidiary, MESB had received a LOA from Impian Bebas Sdn Bhd. (a joint venture company between KLCC (Holdings) Sdn Bhd and Sapura Resources Berhad) for the contract to supply, deliver, install, test and commission the audio-visual system/equipment for Lot 91 Convention Center Podium, Kuala Lumpur City Centre, Kuala Lumpur ("the Contract"). The awarded contract sum was Malaysia Ringgit Six Million Forty-Nine Thousand Eight Hundred and Eighteen Only (RM6,049,818).

42. CHANGE OF FINANCIAL YEAR END

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

43. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 18 October 2018 by the Board of Directors.

LIST OF PROPERTIES
AS AT 30 JUNE 2018

Location	Description / Existing use	Land area sq. ft	Built - up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 30.06.2018 RM'000	Last date of revaluation or if none, date of acquisition
Metronic Engineering Sdn Bhd No. 2 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	3-storey semi-detached office cum factory	23,838	25,112	Friday, November 17, 2000	16 years / Freehold	8,179	Wednesday, March 28, 2018
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	290	Friday, August 28, 1998
Unit no. 3F-47 3rd Floor Lot 1 JB Water Front City Jalan Tun Sri Lanang 80000 Johor Bahru Johor	Shop lot for investment purposes	N/A	475	Friday, February 23, 2001	16 years / Leasehold for 99 years expiring on 4 December 2095	82	Saturday, February 20, 1993
No. 19 Jalan Kemboja 4C/12 Section BS8, Bukit Sentosa III 48300 Rawang Selangor	Single storey terrace house	2,131.25 (198 square metres)	2,691	N/A	Freehold Geran 80986, Lot 12604 Mukim Serendah Daerah Ulu Selangor Negeri Selangor	99	Thursday, September 20, 2012
Metronic Microsystem (Beijing) Company Limited PRC No. 18 Level 8 Top Fine International Centre Dong San Huan Middle Road Chao Yang District Beijing PRC	Office	N/A	7,540 (700.53 square metres)	Friday, November 28, 2003	5 years / Leasehold for 50 years expiring on 5 February 2052	15,806	Tuesday, November 29, 2016

ANALYSIS OF SHAREHOLDINGS
AS AT 28 SEPTEMBER 2018

SHARE CAPITAL

Total Number of Issued Shemes	: 962,737,128
Class of Shares	: Ordinary shares
Voting Rights	: One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
668	Less than 100	33,781	*
238	100 to 1,000	98,993	0.01
896	1,001 to 10,000	6,256,582	0.65
2,214	10,001 to 100,000	103,352,674	10.74
879	100,001 to less than 5 % of issued shares	779,491,698	80.97
1	5% and above of the issued shares	73,503,400	7.63
4,896	**TOTAL**	**962,737,128**	**100**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELOGING TO THE SAME PERSON)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teoh Teik Soon*	73,503,400	7.63
2	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Lian Hong (8092237)*	37,822,400	3.93
3	SJ Sec Nominees (Tempatan) Snd Bhd *Pledged Securities Account for Alex Wong Wai Munn (SMT)*	35,962,875	3.74
4	JF Apex Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Jien Shiung (Margin)*	35,500,000	3.69
5	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for M N C Wireless Berhad*	31,500,000	3.27
6	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chen Choon Lee*	26,000,000	2.70
7	Tan Lay Yong	23,782,500	2.47
8	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securites Account for Tan Kian Hong*	22,442,100	2.33
9	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pang Chow Huat*	16,806,800	1.75
10	M&A Nominee (Tempatan) Sdn Bhd *Pledged Securities Account for Ho Kee Wee (M&A)*	16,488,000	1.71

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (CONT'D)
(WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELOGING TO THE SAME PERSON) (Cont'd)

	Name of Shareholders	No. of Shares Held	Percentage (%)
11	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Lian Hong*	15,000,075	1.56
12	RHB Nominees (Temapatan) Sdn Bhd *Pledged Securities Account for Tan Chong Jun*	14,485,000	1.50
13	Chung Kin Chuan	12,501,000	1.30
14	Ong Yee Lung	12,110,000	1.26
15	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Hong Hong*	12,095,800	1.26
16	CIMSEC Nominees (Tempatan) Sdn Bhd *Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd (Retail Clients)*	10,212,857	1.06
17	Tan Hong Hong	10,200,000	1.06
18	Gan Siew Liat	9,000,000	0.93
19	Lau Jit Weng	8,600,000	0.89
20	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Wang @ Ng Chiang Chin*	7,500,000	0.78
21	Ong Yew Beng	7,000,000	0.73
22	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-ASING)*	6,800,000	0.71
23	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Ng Tek Che (PB)*	6,500,000	0.68
24	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chor How Christopher*	6,410,000	0.67
25	Su How Giong	5,120,500	0.53
26	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Chen Choon Lee (MY2663)*	5,000,000	0.52
27	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Set Hin Fook (CEB)*	4,030,000	0.42
28	Wong Sek Hin	4,000,000	0.42
29	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Siew Chee*	4,000,000	0.42
30	Saniah Binti Bashiri	3,810,000	0.40
	TOTAL	**484,183,307**	**50.29**

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF SUBSTANTIAL SHAREHOLDERS

	NO. OF SHARES HELD			
NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
–	–	–	–	–

DIRECTORS' SHAREHOLDINGS
(AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Khor Ben Jin	–	–	–	–
2.	Dato' Kua Khai Shyuan	1,000,000	0.10	–	–
3.	Dato' Zaidi bin Mat Isa @ Hashim	–	–	–	–
4.	Hoo Wai Keong	–	–	–	–
5.	Muhammad Faliq bin Mohd Redzuan	–	–	–	–

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting ("15th AGM") of METRONIC GLOBAL BERHAD will be held at Maharani Suites, Pulai Springs Resort, 20km Jalan Pontian Lama, 81110 Pulai, Johor Bahru, Johor Darul Takzim on **Thursday, 29 November 2018** at **2.00 p.m.** for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial period ended 30 June 2018 together with the Directors and Auditors Reports thereon. **(Please refer to the Explanatory Note 9)**

2. To approve the payment of Directors' fees of RM185,000.00 for the financial period ended 30 June 2018. **(Ordinary Resolution 1)**

3. To re-elect the following Directors retiring pursuant to Article 79 of the Company's Constitution.

   i) Dato' Zaidi bin Mat Isa @ Hashim **(Ordinary Resolution 2)**
   ii) Mr Hoo Wai Keong **(Ordinary Resolution 3)**
   iii) Encik Muhammad Faliq bin Mohd Redzuan **(Ordinary Resolution 4)**

4. To re-elect Mr Khor Ben Jin who retires pursuant to Article 86 of the Company's Constitution. **(Ordinary Resolution 5)**

5. To re-appoint Messrs Jamal, Amin & Partners as Auditors of the Company for the financial year ending 30 June 2019 and to authorise the Board of Directors to fix their remuneration. **(Ordinary Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution:

6. **Proposed Directors' Benefits** **(Ordinary Resolution 7) (Please refer to Explanatory Note 10)**

   "**THAT** the payment of Directors' Benefits amounting to RM8,000 for the financial period ended 30 June 2018."

7. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **(Ordinary Resolution 8)**

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

8. To transact any other business of the Company for which due notice shall have been received in accordance with the Companies Act 2016.

By Order of the Board
METRONIC GLOBAL BERHAD

WONG YUET CHYN (MAICSA 7047163)
Company Secretary

Kuala Lumpur
31 October 2018

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.

6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 November 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 15th AGM.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

9. Audited Financial Statements for financial period ended 30 June 2018

   The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

10. Proposed Directors' Benefits

   The Proposed Ordinary Resolution 7, if passed, will authorise and approve the payment of Directors' benefits comprised of allowances pursuant to the requirements of Section 230 of the Companies Act 2016 for the financial period ended 30 June 2018.

   The Directors' Benefits comprise driver provided to the Chairman of the Company.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Note on Special Business

11. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 8, is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016. The Ordinary Resolution 8, if passed, will give the Directors of the Company authority to issue ordinary shares in the Company at any time in their absolute discretion for such purposes as the Directors would consider is in the best interest of the company. The authorisation, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next AGM of the Company.

As at 28 April 2017, the Company had fully utilized the Mandate given by the shareholders at the last Annual General Meeting held on 26 May 2016 by issuing 67,200,000 new ordinary shares at RM0.07 each in the Company pursuant to private placements. The proceeds amounting to RM4,704,000.00 arising from the issuance of 67,200,000 new ordinary shares is mainly for working capital requirements of the Group.

The utilization of proceeds from the above private placement is as follows:-

Descriptions	Amount Approved (RM'000)	Actual Proceeds (RM'000)	Utilization as at 30 June 2018 (RM'000)	Balance Unutilized (RM'000)
Working Capital	5,007	4,581	–	4,581
Share issue expenses	150	123	123	–
Total	**5,157**	**4,704**	**123**	**4,581**

The General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to, further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

METRONIC

METRONIC GLOBAL BERHAD (632068-V)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.				–				–									
No. of Shares Held																	

I / We ____
(FULL NAME IN BLOCK LETTERS)

(NRIC No./ Company Registration No./ Passport No. ______________________________)

of ____
(FULL ADDRESS)

being a member/members of **METRONIC GLOBAL BERHAD**, hereby appoint

Name of Proxy	**NRIC No./Passport No**	**% of Shareholdings to be Represented**
Address		

and/or failing him/her

Name of Proxy	**NRIC No./Passport No**	**% of Shareholdings to be Represented**
Address		

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting ("15th AGM") of the Company to be held at **Maharani Suites, Pulai Springs Resort, 20km Jalan Pontian Lama, 81110 Pulai, Johor Bahru, Johor Darul Takzim on Thursday, 29 November 2018 at 2.00 p.m.** and at any adjournment thereof.

ORDINARY RESOLUTION		**FOR**	**AGAINST**
1.	Payment of Directors' fees of RM185,000.00 for the financial period ended 30 June 2018.		
2.	Re-election of Dato' Zaidi bin Mat Isa @ Hashim		
3.	Re-election of Mr Hoo Wai Keong		
4.	Re-election of Encik Muhammad Faliq bin Mohd Redzuan		
5.	Re-election of Mr Khor Ben Jin		
6.	Re-appointment of Auditors		
7.	Approval of Directors' Benefits		
8.	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this .... day of .... 2018.

....
Signature(s) of member(s)

Fold this flap for sealing

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a Member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 21 November 2018 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 15th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

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AFFIX
STAMP

The Company Secretary

METRONIC GLOBAL BERHAD (632068-V)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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Metronic Global Berhad (632068-V)
No. 2, Jalan Astaka U8/83, Seksyen U8,
Bukit Jelutong 40150 Shah Alam, Selangor Darul Ehsan.
Tel : 03-7847 2111 Fax : 03-7847 5111
www.metronic-group.com